北京金隅股份有限公司

BBMG Corporation*

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

(Stock code: 2009)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

Financial Highlights

- Revenue was approximately RMB5,100.2 million, representing an increase of approximately 6.9% over the corresponding period last year.
- Gross profit was approximately RMB1,424.0 million, representing an increase of approximately 16.0% over the corresponding period last year.
- Profit for the period attributable to the owners of the Company was approximately RMB732.0 million, representing an increase of approximately 63.8% over the corresponding period last year.

The Board of Directors (the "Board") of BBMG Corporation (the "Company") is pleased to announce the interim financial results and financial position of the Company and its subsidiaries (collectively, the "Group") for the period of six months ended 30 June 2009 together with the comparative figures for the corresponding period of 2008, prepared in accordance with the accounting principles generally accepted in Hong Kong. These interim financial results have been audited by Ernst & Young, Certified Public Accountants and reviewed by the Audit Committee of the Company.

RESULTS OF OPERATIONS

For the period of six months ended 30 June 2009, the Group achieved a profit for the period attributable to owners of the Company of approximately RMB732.0 million, representing an increase of approximately 63.8% over the corresponding period last year; earnings per share were approximately RMB0.26 (six months ended 30 June 2008: RMB0.25), representing an increase of RMB0.01 over the corresponding period last year; net asset value was approximately RMB8,686.9 million at the end of the period, representing an increase of approximately RMB512.7 million at the beginning of the period; and net asset value per share was approximately RMB3.10, representing an increase of approximately RMB0.18 at the beginning of the period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Notes	Six months ended 30 June 2009 RMB'000 (Audited)	2008 RMB'000 (Unaudited)
REVENUE	4	**5,100,194**	4,772,116
Cost of sales		**(3,676,169)**	(3,544,364)
Gross profit		**1,424,025**	1,227,752
Other income and gains	4	**290,905**	200,301
Fair value gains on investment properties, net		**197,117**	104,590
Selling and marketing expenses		**(206,448)**	(196,229)
Administrative expenses		**(451,762)**	(428,562)
Other operating expenses, net		**(11,585)**	(20,248)
Finance costs		**(104,301)**	(136,434)
Share of profits and losses of:			
Jointly-controlled entities		**(11,342)**	(5,663)
Associates		**(6,308)**	(3,745)
PROFIT BEFORE TAX	5	**1,120,301**	741,762
Tax	6	**(348,697)**	(240,559)
PROFIT FOR THE PERIOD		**771,604**	501,203
Attributable to:			
Owners of the Company		**731,999**	446,984
Minority interests		**39,605**	54,219
		771,604	501,203
DIVIDEND	8	**–**	–
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		
Basic		**RMB0.26**	RMB0.25
Diluted		**N/A**	N/A

"Profit for the period" represents the "total comprehensive income" for the six months ended 30 June 2009 and 2008 presented, accordingly, no consolidated statement of comprehensive income is presented.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	**As at 30 June 2009 *RMB'000* (Audited)**	As at 31 December 2008 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,740,676**	4,233,644
Investment properties		**7,711,690**	7,409,487
Land use rights		**1,284,089**	1,328,558
Goodwill		**99,171**	99,171
Other intangible assets		**22,264**	22,265
Mining rights		**90,160**	89,828
Interests in jointly-controlled entities		**282,602**	254,406
Interests in associates		**786,650**	795,237
Available-for-sale investments		**14,985**	14,985
Deferred tax assets		**177,648**	119,199
Total non-current assets		**15,209,935**	14,366,780
CURRENT ASSETS			
Inventories		**6,195,495**	6,347,923
Trade and bills receivables	*9*	**1,399,839**	1,139,744
Prepayments, deposits and other receivables		**2,080,276**	1,499,591
Taxes recoverable		**28,215**	20,953
Restricted cash		**128,826**	135,753
Cash and cash equivalents		**2,047,273**	1,881,897
Total current assets		**11,879,924**	11,025,861
CURRENT LIABILITIES			
Trade and bills payables	*10*	**2,171,489**	1,961,612
Other payables and accruals		**5,167,822**	5,786,030
Dividend payable		**38,387**	19,057
Interest-bearing bank loans		**3,188,900**	5,152,200
Taxes payable		**547,942**	321,259
Provision for supplementary pension subsidies and early retirement benefits		**43,202**	45,761
Total current liabilities		**11,157,742**	13,285,919

	Notes	As at **30 June** **2009** ***RMB'000*** **(Audited)**	As at 31 December 2008 *RMB'000* (Audited)
NET CURRENT ASSETS/(LIABILITIES)		**722,182**	(2,260,058)
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,932,117**	12,106,722
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**3,220,796**	1,872,700
Corporate bonds	*11*	**1,889,533**	–
Deferred tax liabilities		**1,044,158**	955,856
Provision for supplementary pension subsidies and early retirement benefits		**565,406**	558,328
Deferred income		**298,201**	304,778
Other non-current liabilities		**227,142**	240,831
Total non-current liabilities		**7,245,236**	3,932,493
Net assets		**8,686,881**	8,174,229
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**2,800,000**	2,800,000
Reserves		**5,115,955**	4,422,226
Proposed final dividend		**–**	112,000
		7,915,955	7,334,226
Minority interests		**770,926**	840,003
Total equity		**8,686,881**	8,174,229

Notes:

1. CORPORATE INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 22 December 2005 as a joint stock company with limited liability. The registered office of the Company is located at No.36, North Third Ring East Road, Dong Cheng District, Beijing, the PRC.

The Group is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment, and provision of property management services.

The H Shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 29 July 2009.

In the opinion of the directors of the Company, the ultimate holding company of the Company is BBMG Group Company Limited (the "Parent"), a state-owned enterprise administrated by the State-owned Assets Supervision and Administration Commission of the Beijing Municipal Government (the "Beijing SASAC").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. These financial statements have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. The accounting policies adopted are consistent with the accountants' report included in the prospectus of the Company dated 17 July 2009. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

These financial statements incorporate the financial statements of the Group for the six months ended 30 June 2009. The acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The purchase method of accounting is used to account for the acquisitions of subsidiaries not under common control.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated income statement include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The purchase method of accounting involves allocating the cost of a business combination to the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Under the purchase method of accounting, the results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of minority interests are accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction.

All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

3. SEGMENT INFORMATION

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

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

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

(c) the property development segment engages in real estate development; and

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and interest income) and income taxes are managed on a group basis and are not allocated to operating segments.

Intersegment revenues are eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group's revenue from external customers is derived solely from its operations in the PRC, and no non-current assets of the Group are located outside the PRC.

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

For the six months ended 30 June 2009

	Cement *RMB'000* (Audited)	Modern buildings materials *RMB'000* (Audited)	Property development *RMB'000* (Audited)	Property investment and management *RMB'000* (Audited)	Eliminations *RMB'000* (Audited)	Total *RMB'000* (Audited)
Revenue:						
External customers	2,022,105	1,266,643	1,486,204	325,242	–	5,100,194
Intersegment	3,348	2,972	–	8,926	(15,246)	–
Total revenue	2,025,453	1,269,615	1,486,204	334,168	(15,246)	5,100,194
Segment profit	386,484	106,142	394,752	323,725	32,378	1,243,481
Interest income						6,671
Corporate and unallocated expenses, net						(25,550)
Finance costs						(104,301)
Profit before tax						1,120,301
Total assets:						
Segment assets	5,241,437	4,462,802	8,349,889	9,358,617	(4,589,717)	22,823,028
Unallocated assets:						
Available-for-sale investments						14,985
Deferred tax assets						177,648
Taxes recoverable						28,215
Restricted cash						128,826
Cash and cash equivalents						2,047,273
Other corporate assets						1,869,884
Total assets						27,089,859
Share of profits and losses of jointly-controlled entities	–	(2,041)	(9,301)	–	–	(11,342)
Share of profits and losses of associates	13,264	(19,601)	29	–	–	(6,308)
Fair value gains/(losses) on investment properties, net	–	(300)	(20,280)	217,697	–	197,117
Impairment losses recognised in the consolidated income statement, net	1,656	759	–	–	–	2,415
Depreciation and amortisation	88,289	44,635	3,086	28,920	–	164,930
Interests in associates	468,543	316,859	–	1,248	–	786,650
Interests in jointly-controlled entities	–	155,753	126,849	–	–	282,602
Capital expenditure *(note)*	380,582	204,982	2,723	195,527	–	783,814

Note: Capital expenditure consists of additions to property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

For the six months ended 30 June 2008

	Cement *RMB'000* (Unaudited)	Modern buildings materials *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Property investment and management *RMB'000* (Unaudited)	Eliminations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue:						
External customers	1,771,336	1,396,852	1,284,515	319,413	–	4,772,116
Intersegment	3,228	6,937	–	1,288	(11,453)	–
Total revenue	1,774,564	1,403,789	1,284,515	320,701	(11,453)	4,772,116
Segment profit	234,086	112,673	389,153	220,917	2,176	959,005
Interest income						14,753
Corporate and unallocated expenses, net						(95,562)
Finance costs						(136,434)
Profit before tax						741,762
Share of profits and losses of jointly-controlled entities	–	52	(5,715)	–	–	(5,663)
Share of profits and losses of associates	(342)	(3,082)	–	(321)	–	(3,745)
Fair value gains on investment properties, net	–	929	3,495	100,166	–	104,590
Impairment losses recognised/ (reversed) in the consolidated income statement, net	(2,942)	4,246	–	–	–	1,304
Depreciation and amortisation	80,457	46,230	3,316	24,549	–	154,552
Capital expenditure (note)	253,927	357,448	2,124	1,008,573	–	1,622,072

Note: Capital expenditure consists of additions to property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; the gross proceeds, net of business tax, from the sale of properties; the value of services rendered; gross rental income received and receivable from investment properties (net of business tax); and property management income (net of business tax) during the period.

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Revenue		
Sale of goods	**3,137,003**	3,001,221
Sale of properties	**1,466,609**	1,211,525
Gross rental income from investment properties	**170,980**	163,480
Property management fees	**93,102**	92,497
Rendering of services	**47,090**	52,456
Income from processing industrial waste	**56,268**	74,505
Hotel operations	**62,013**	54,122
Others	**67,129**	122,310
	5,100,194	4,772,116
Other income and gains		
Gross rental income from lease of plant and machinery	**21,729**	37,174
Gain on disposals of items of property, plant and equipment	**13,040**	3,665
Gain on disposals of land use rights	**26,677**	–
Gain on disposals of investment properties	**29,569**	–
Bank interest income	**6,671**	14,753
Interest income received from jointly-controlled entities	**6,502**	16,997
Relocation compensation	**28,629**	22,820
Government grants		
– Recognition of deferred income	**25,900**	5,058
– Value-added tax refund	**90,581**	51,598
Service fee income	**13,213**	14,088
Others	**28,394**	34,148
	290,905	200,301

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Cost of inventories sold	**3,373,666**	3,252,134
Cost of services provided	**302,503**	292,230
Depreciation	**148,200**	145,342
Amortisation of land use rights	**14,354**	7,472
Amortisation of other intangible assets	**510**	442
Amortisation of mining rights	**1,866**	1,296

6. TAX

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Current		
PRC corporate income tax	**220,625**	149,671
PRC land appreciation tax	**98,219**	64,855
	318,844	214,526
Deferred	**29,853**	26,033
Total tax charge for the period	**348,697**	240,559

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2008: Nil (unaudited)).

PRC corporate income tax

The PRC corporate income tax in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

The share of tax attributable to jointly-controlled entities amounting to RMB88,000 (six months ended 30 June 2008: RMB95,000 (unaudited)) for the six months ended 30 June 2009 is included in "Share of profits and losses of jointly-controlled entities" on the face of the consolidated income statement.

The share of tax attributable to associates amounting to RMB3,087,000, (six months ended 30 June 2008: RMB445,000 (unaudited)) for the six months ended 30 June 2009 is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 50% on the appreciation of the land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share for the period is based on the profit attributable to owners of the Company for the period and the weighted average number of ordinary shares of the Company in issue during the period.

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**731,999**	446,984
	Number of Shares	
Shares		
Weighted average number of ordinary shares of the Company in issue used in the basic earnings per share calculation	**2.8 billion**	1.8 billion

No diluted earnings per share has been presented as the Company did not have any dilutive potential ordinary shares during both periods presented.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil (unaudited)).

Dividend payable as at 30 June 2009 was fully settled on 23 July 2009.

9. TRADE AND BILLS RECEIVABLES

	As at 30 June 2009 *RMB'000* (Audited)	As at 31 December 2008 *RMB'000* (Audited)
Trade receivables	**1,494,794**	1,139,681
Bills receivable	**87,883**	182,348
Less: Impairment provision	**(182,838)**	(182,285)
	1,399,839	1,139,744

An aged analysis of the trade receivables of the Group as at the reporting date, net of provisions, is as follows:

	As at 30 June 2009 *RMB'000* (Audited)	As at 31 December 2008 *RMB'000* (Audited)
Within 6 months	**834,210**	493,585
7 to 12 months	**356,691**	346,801
1 to 2 years	**93,506**	85,497
2 to 3 years	**21,056**	24,575
Over 3 years	**6,493**	6,938
	1,311,956	957,396

The Group grants different credit periods to customers in different segments. In the cement and modern building materials segments, the credit periods are generally three months, extending up to nine months for major customers. In the property development segment, consideration in respect of properties sold are payable by the purchasers in accordance with the terms of the related sale and purchase agreements.

10. TRADE AND BILLS PAYABLES

	As at 30 June 2009 *RMB'000* **(Audited)**	As at 31 December 2008 *RMB'000* (Audited)
Trade payables	**1,984,825**	1,827,232
Bills payable	**186,664**	134,380
	2,171,489	1,961,612

An aged analysis of the trade payables of the Group as at the reporting date is as follows:

	As at 30 June 2009 *RMB'000* **(Audited)**	As at 31 December 2008 *RMB'000* (Audited)
Within 3 months	**981,939**	857,058
4 to 6 months	**557,464**	88,475
7 to 12 months	**227,420**	584,898
1 to 2 years	**151,352**	227,083
2 to 3 years	**39,361**	47,297
Over 3 years	**27,289**	22,421
	1,984,825	1,827,232

The trade payables are non-interest-bearing. The average credit period for trade purchases is 60 days to 90 days.

11. CORPORATE BONDS

The Company issued seven-year corporate bonds of RMB1.9 billion in aggregate (the "Bonds") to corporate investors in the PRC in April 2009. The Bonds bear a fixed interest rate of 4.32% per annum and interest is paid annually. The Bonds are guaranteed by the Beijing State-owned Capital Operation Management Centre, an entity administered by the Beijing SASAC. The holders of the Bonds are entitled to a redemption right exercisable at the expiry of the fifth anniversary of the issuance date. The Bonds are stated at amortised cost as at the reporting date.

12. SHARE CAPITAL

	Registered capital *RMB'000*	Number of shares *'000*	Issued capital *RMB'000*
At 1 January 2008 and 30 June 2008 (unaudited)	1,800,000	1,800,000	1,800,000
Issue of shares	1,000,000	1,000,000	1,000,000
At 31 December 2008 and 30 June 2009 (audited)	2,800,000	2,800,000	2,800,000

On 25 July 2008, the registered share capital of the Company increased from RMB1,800 million to RMB2,800 million. During the year ended 31 December 2008, proceeds of approximately RMB2,600 million were received for the issuance of 1,000 million shares of the Company, with RMB1,000 million and RMB1,600 million credited to the share capital and share premium account, respectively. After the aforesaid issuance of shares, the percentage of shareholding of the Company held by the Parent was increased from 60.84% to 65.73%.

13. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

(a) In July 2009, the Company issued 933,333,000 H Shares at HK$6.38 per H Share of the Company by both of international placing and Hong Kong public offer under an initial public offer, which raised total gross proceeds of approximately HK$5.95 billion. The H Shares of the Company are listed on the Hong Kong Stock Exchange on 29 July 2009. On 29 July 2009, the Parent, Tianjin Building Materials (Holdings) Co., Ltd. and China Cinda Asset Management Corporation converted 75,367,105, 5,042,166 and 3,112,447 Domestic Shares of the Company into H Shares and transferred the shares to the National Council for Social Security Fund ("NSSF") respectively.

(b) On 6 August 2009, the over-allotment option of H Shares was exercised and an additional 139,999,500 H Shares were issued at HK$6.38 per H Share of the Company, which were listed on the Hong Kong Stock Exchange on the same day. The gross proceeds from the issuance of these H Shares amounted to approximately HK$0.89 billion. On 6 August 2009, the Parent, Tianjin Building Materials (Holdings) Co., Ltd. and China Cinda Asset Management Corporation converted 11,305,029, 756,322 and 466,866 Domestic Shares of the Company into H Shares and transferred the shares to the NSSF respectively.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board of the Company, I am pleased to present to you the interim results report of the Company for the six months ended 30 June 2009, and the satisfactory results during the said period for your review.

During the first half of 2009, as the PRC government was handling the adverse effects of the global financial crisis had on China by introducing a stimulus package to strengthen economic development in the PRC, we began to see various positive trends in the macroeconomic environment and the national economy including a GDP year-on-year growth at 7.1% during the first half of 2009, representing an increase of approximately 33.5% year-on-year in fixed asset investments nationwide and a decrease of approximately 1.1% year-on-year in consumer prices. In the midst of a challenging global economic environment as well as a complex and volatile economy in the PRC and overseas at the time, the Board of the Company was able to effectively adopt our business plans in response to these changes and was able to capitalize on development opportunities. The Company did this by leveraging on our strengths in strategic planning, industrial chain, management integration and branding; aggressively expanding our target markets; strengthening our regional resources integration and enhancing our management standards and efficiency of operation to maintain steady, fast and sound development in our business performance. Meanwhile, our Group capitalized on a favourable capital market opportunity by successfully launching and completing on initial public offering and listing of our H Shares. On behalf of the Board, I would like to express my sincere thank you to all of our investors and to all the shareholders for sharing our believe in the Company and the value of BBMG shares.

During the reporting period, under the Hong Kong Accounting Standard, the Group's audited sales revenue amounted to approximately RMB5,100.2 million, an increase of approximately 6.9% year-on-year; profit after tax for the period was approximately RMB771.6 million, an increase of approximately 54.0% year-on-year; profit attributable to the owners of the Company was approximately RMB732.0 million, an increase of approximately 63.8% year-on-year; and earnings per share attributable to owners of the Company were approximately RMB0.26.

Cement

During the first half of 2009, the Group fully capitalized on the market opportunities arising from the PRC government's RMB4 trillion economic stimulus package and expansion program for infrastructure construction by persistently adopting "grand cross-shape" strategy (大十字戰略佈局) for Beijing, Tianjin and Hebei Province, accelerating integration of regional resources and market expansion, substantially maximizing its benefits from the mega-regional competition and continuing to consolidate and strengthen its leading position in the cement sector in Beijing, Tianjin and Hebei Province. Phase 2 of the cement project in Hebei of Luquan Dongfang Dingxin Cement Co., Ltd. with a capacity of 5,000t/d was completed and commenced production, generating an additional capacity of approximately 2 million tonnes of cement. Preparations for the domestic mud disposal production line of Beijing Xinbeishui Cement Co., Ltd. proceeded smoothly, and the completion of this project will further diversify and enhance the profit model of the Group's cement segment. The Group succeeded in winning tenders for various key projects of the PRC government such as the Beijing-Shijiazhuang railway project, Shijiazhuang-Wuhan railway project and Beijing-Shanghai railway project, bringing a substantial growth in cement sales volume and selling prices year-on-year. During the reporting period, sales volume of cement was approximately 5.98 million tonnes, an increase of approximately 550,000 tonnes year-on-year; sales volume of commercial concrete was approximately 1.42 million cubic meters; sales revenue was approximately RMB433.3 million, represent an increase of approximately 6.6% year-on-year.

Modern Building Materials

We effectively overcame the effect of a scant overseas demand due to the financial crisis and achieved a steady development of our modern building materials segment. The Group further stepped up the investment in and the construction of projects with promising market outlook and high return. Preparations for the new production line of Beijing Tongda Refractory Technology Corporation proceeded smoothly. In addition, the equipment for the project of STAR-USG Building Materials Co., Ltd. has been installed and debugged, after the project commences production, it will become the largest single production line for mineral wool acoustic boards in Asia. Integration process for similar industrial resources was accelerated by having completed the integration of the aerated concrete operations and the paint operations. At the BBMG Industrial Park in Dachang Hui Autonomous County in Hebei Province, after centralized and increased the production, operation and management scale of the modern building materials with promising profits and market outlook, the said industrial park has become a new development base of the Group's modern building materials manufacturing industry, effectively leveraging on the strengths in many aspects of the "industrial park-based" development approach (園區化發展模式) such as fast construction speed, low general costs, integration of auxiliary facilities, management specialization and effective and centralized bargain for government's preferential support policies.

Property Development

Firstly, during the recession of the property market in the first quarter, the Group adjusted the business strategy for the property development segment in a scientific manner, speed up the development progress and accelerated the cash recovery rate. The launch of projects for sales, such as Jinyu Guanlan Times in Hangzhou, Jinyu Kele+ in Beijing and Jinyu Vanke City in Beijing were well received by the market. There was also a significant rise in the sales of projects such as Jinyu Shanshu in Beijing, BBMG7090 in Beijing and Phase 1 of Jinyu Times City in Inner Mongolia. Secondly, while further stepping up the development of high-end commodity housing, the Company endeavoured to revise the portfolio for the development of policy-based housing by increasing its development ratio of "housing with restrictions on house and land prices" (兩限房) and optimizing the earning structure of property development segment. Jinyu Meiheyuan was the first of this kind of housing project delivered in Beijing. Construction of other subsequent projects such as Jinyu Lijingyuan in Beijing are being speed up. Thirdly, the Company firmly capitalized on the opportunities arising from the low tide of land transactions by accelerating the transactions of self-owned land, expanding its land reserve and optimizing the portfolio of land reserve as well, thus laying a sound foundation for sustainable property development and construction.

Property Investment and Management

The property investment and management operations adopted a new business policy with an ongoing innovative mechanism and features and strengths with respect to premium asset quality, large asset size, good service quality and high occupancy rate. By means of effective publicity and marketing strategies, the Group consolidated and expanded its customer resources, further enhanced the good brand and image of its property management operations amid intense market competition so that there was a steady growth in its rents and earnings which have become a steady source of its cash inflow.

Phase 3 of the Global Trade Centre has been completed and delivered for use, bringing an additional floor area of approximately 71,670.9 sq.m. Construction of Phase 4 (hotel and furnished apartments) of the Global Trade Centre in Beijing is proceeding orderly. As at the first half of the year, the total gross floor area of the Group's investment properties was near 600,000 sq.m.

Prospects

The Group's business development will come across both challenges and opportunities in the second half of 2009. On one hand, the impact of the global financial turmoil on the economy will not disappear, there will be uncertainties and instabilities in the course of the recovery of the national economy, and the recovery and growth of overseas demand will remain uncertain to some extent. On the other hand, given the fundamental policy on the long-term sustainable development of the PRC economy remains unchanged, the PRC government will continue to maintain steady and fast economic development by applying ongoing proactive fiscal policies and moderately loose monetary policies as well as fully implementing and improving the economic stimulus package that will bring about abundant development opportunities for the Group's relevant businesses and products. The Group will take effective strategies to cope with these challenges and opportunities positively, leverage on its overall strength in the industrial chain, seize market opportunities firmly, concentrate on devising development plans, expand both the domestic and overseas markets aggressively and secure bigger development space to reward our shareholders with more satisfactory business performance.

We will step up the implementation of the "grand cross-shape" strategy (大十字戰略佈局) for the cement business segment; strengthen the control of strategic resources and the strategic planning in the west of the Beijing-Bohai Gulf Region; continue to enhance its competitiveness in the mega-regional market; acquire, construct or consolidate on a selective basis new cement plants and commercial concrete mixing stations; accelerate the pace of the expansion of the cement sector; market the business model for the disposal of urban waste and lower operation costs and raise operation quality through various initiatives such as centralized procurement and production as well as unified sale and information sharing in order to further enhance profitability; and strive to achieve a capacity of over 20 million tonnes of cement as well as production capacity of over 5 million cubic meters of commercial concrete by the end of 2009.

While maximizing its benefits, we will persistently adopt the "industrial park-based" development approach (園區化發展模式) and overall planning and construction for industrial parks in the modern building materials segment in order to utilize the collective effect of the industry; further broaden the aspects of resources integration, deepen the level of such integration and magnify the effect of such integration; foster and accelerate the development of the environmental protection industry; and consolidate the foundation for the development of the Company's metropolitan-based industry.

In respect of property development segment, we will take full advantage of the opportunities arising from the ongoing improvement in the property market by expanding land reserve by means of reasonable and sound market practices; maintain the development of a product mix in a scientific and reasonable manner; further enhance profitability and cash flow; while having positioned itself accurately and accelerated construction works, further speed up house sales in order to quickly recover capital; strengthen management of tender submission and invitation; and persistently enhance core competitiveness and branding presence to build up competitive projects for achieving sustainable, fast and sound development.

For the property investment and management segment, we will fully leverage on the strength in resources integration; take advantage of the opportunity arising from the "boost domestic demand" policy promoted by the PRC government by effectively coping with the economic development of Beijing and the PRC government's macro control policy; step up the innovation of business model, profit model and service items; further step up marketing efforts; optimize the business environment; and raise service level to further improve profitability.

On behalf of the Board of the Company, I would like to thank you to all the shareholders, investors and customers for their support, and to the management and all the staff of the Company for their hard work and endeavours they delivered to the Group during the year. I believe with the understanding and support of our shareholders, the Company is sure to achieve all the development objectives for 2009 and create a greater value for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2009, the Group successfully overcame the adverse impact of the global economic crisis by fully capitalizing on some favourable factors such as the PRC government's RMB4 trillion economic stimulus package, and achieved a comparatively substantial increase in profit year-on-year, laying a strong foundation for improved performance throughout the year.

I. Analysis of Operations

	Comparison of major income statement items		Increase/(decrease) during the period against corresponding period
	Jan – Jun 2009	Jan – Jun 2008	last year (%)
	RMB million	*RMB million*	
Revenue	**5,100.2**	4,772.1	6.9%
Cost of sales	**3,676.2**	3,544.4	3.7%
Gross profit	**1,424.0**	1,227.8	16.0%
Profit before tax	**1,120.3**	741.8	51.0%
Profit after tax for the period	**771.6**	501.2	54.0%
Profit attributable to owners of the Company	**732.0**	447.0	63.8%

During the period, the Group's sales revenue was approximately RMB5,100.2 million, an increase of approximately 6.9% year-on-year; gross profit totalled approximately RMB1,424.0 million, an increase of 16.0% year-on-year; gross profit margin was approximately 27.9%, a rise of approximately 2.2 percentage points year-on-year; profit after tax was approximately RMB771.6 million, an increase of approximately 54.0% year-on-year; profit attributable to the owners of the Company was RMB732.0 million, an increase of approximately 63.8% year-on-year; earnings per share were RMB0.26.

(1) Analysis of the Operation of Each Segment

Business Segment	Comparison of revenue from each business segment **Jan – Jun 2009** ***RMB million***	 Jan – Jun 2008 *RMB million*	Increase/(decrease) during the period against corresponding period last year (%)
Cement segment	**2,025.5**	1,774.6	14.1%
Modern building materials segment	**1,269.6**	1,403.8	(9.6%)
Property development segment	**1,486.2**	1,284.5	15.7%
Property investment & management segment	**334.2**	320.7	4.2%
Eliminations	**(15.3)**	(11.5)	–
Total	**5,100.2**	4,772.1	6.9%

Business Segment	Comparison of gross profit of each business segment **Jan – Jun 2009** ***RMB million***	 Jan – Jun 2008 *RMB million*	Increase/(decrease) during the period against corresponding period last year (%)
Cement segment	**453.8**	267.7	69.5%
Modern building materials segment	**275.1**	293.1	(6.1%)
Property development segment	**478.8**	453.1	5.7%
Property investment & management segment	**222.0**	216.0	2.8%
Eliminations	**(5.7)**	(2.1)	-
Total	**1,424.0**	1,227.8	16.0%

i. *Cement Operations*

Having fully capitalized on the favourable opportunities arising from the PRC government's plan to expand infrastructure construction during the reporting period, the Group succeeded in winning the tenders for various key projects of the PRC government such as the Beijing-Shijiazhuang railway project, Shijiazhuang-Wuhan railway project and Beijing-Shanghai railway project, bringing a substantial growth in cement sales volume and a steady rise in selling prices year-on-year. The cement business has become a major business of the Group that drove its business growth in the results performance during the first half of the year. During the reporting period, this segment achieved sales revenue of approximately RMB2,025.5 million, an increase of approximately 14.1% year-on-year; gross profit totalled RMB453.8 million, a substantial increase of approximately 69.5% year-on-year; and gross profit margin was approximately 22.4%, an increase of approximately 7.3 percentage points year-on-year.

During the reporting period, cement sales volume was approximately 5.98 million tonnes, an increase of approximately 550,000 tonnes year-on-year, of which cement produced and marketed for the Group's own account was approximately 4.96 million tonnes, an increase of 1.08 million tonnes year-on-year. As a result of the demand pull from the PRC government's key projects, cement prices were steadily rising, representing a rise of approximately 13.7% year-on-year which was also higher than the average prices throughout the year of 2008.

Due to the rise in the prices of raw materials such as limestone and sandstone, the unit production cost of cement of the Group during the reporting period increased from the corresponding period but decreased from the average level throughout 2008. The decrease was primarily attributable to the fall in the Group's procurement prices of run coal during the reporting period, which dropped almost 10% compared to that throughout the year of 2008.

Due to the rise in selling prices and the substantial rise in the percentage of cement produced for the Group's own account in total cement sales volume, gross profit margin of our cement operations increased substantially year-on-year. Of this, the gross profit margin of cement produced and marketed for the Group's own account was approximately 28.2%, an increase of 6.4 percentage points year-on-year. After Luquan Dongfang Dingxin Cement Co., Ltd. successfully acquired by the Group in 2007, delivered more satisfactory performance in 2008, it achieved sales revenue of approximately RMB700.7 million during the period and net profit of approximately RMB140 million, an increase of approximately 72.5% and 418.5% respectively year-on-year, fully demonstrating the Group's remarkable integration and operating capacity.

During the reporting period, the Group sold commercial concrete amounting to approximately 1.42 million cubic meters, and sales revenue was approximately RMB433.3 million, an increase of 6.6% year-on-year. The increase in revenue was primarily due to the rise in selling prices. Also as a result of this rise, gross profit margin of the Group's concrete operations was approximately 7.3%, a rise of approximately 3.1 percentage points year-on-year.

ii. Modern Building Materials Operations

During the reporting period, our modern building materials segment and, in particular the decorative materials operations as well as energy-saving and insulation materials for wall body operations, were heavily hit by the macroeconomic situation, such that the segment recorded a fall of approximately 9.6% in sales revenue year-on-year, and a decrease of approximately 6.1% in total gross profit year-on-year.

In view of unfavourable factors, the Group endeavoured to restructure the enterprises, product mix and marketing strategy of the modern building materials segment. Firstly, the enterprises within this segment that produce similar products were merged and restructured. The restructuring and integration of enterprises that produce aerated concrete and paint have been completed to achieve unified management and unified sales. Secondly, efforts were stepped up for the development of products with a high gross profit margin; product mix was being revised constantly; and the percentage of high-end products was increasing in the refractory materials operations. During the reporting period, sales revenue increased by approximately 10.1% year-on-year, and gross profit margin of products increased by approximately 6.2 percentage points year-on-year. Thirdly, given scant overseas demand and fallen export, efforts were stepped up to expand the domestic market aggressively. While the export from the furniture operations fell by approximately 49.8% year-on-year, domestic sales revenue increased significantly and total sales revenue rose year-on-year.

Following an aggressive adjustment, our modern building materials operations saw a rise in sales revenue month by month since February during the reporting period. Up to June, the sales revenue had reached the level same as that in the corresponding period of 2008. During the reporting period, overall gross profit margin of this segment was approximately 21.7%, an increase of approximately 0.8 percentage points year-on-year, demonstrating a positive momentum for enhancing operational quality.

iii. Property Development Operations

During the reporting period, our property development operations grew year-on-year, delivering more satisfactory performance in a reverse market. The Jinyu Guanlan Times in Hangzhou residential property project was launched in April when the wait-and-see sentiment still dominated the market, and was well-received. 331 units were already sold in that month and 535 units have been sold up to the present, representing 95% of the total launch. Approximately RMB347 million have been recovered from the sales. 31,667 sq.m of Jinyu Meiheyuan in Beijing have been sold, making the project the first housing project with restrictions on house and land prices delivered in Beijing. Sales of other residential property projects in Beijing such as Jinyu Vanke City, Jinyu Kele+, Jinyu Times City and BBMG# 7090 were improving month by month as well. During the reporting period, our property operations achieved sales revenue of approximately RMB1,486.2 million, an increase of approximately 15.7%; year-on-year, profit margin totalled approximately RMB478.8 million, an increase of approximately 5.7% year-on-year.

During the reporting period, floor space delivered by the Group amounted to 151,837 sq.m., an increase of 3,425 sq.m. year-on-year. Of this floor space, the delivered area of affordable housing was 82,823 sq.m., an increase of 46,693 sq.m. year-on-year; the delivered area of commodity housing was 69,014 sq.m., a decrease of 43,268 sq.m. year-on-year. During the reporting period, the affordable housing sold in this reporting period principally comprised housing with restrictions on house and land prices, while affordable housing was all economically affordable housing during the period.

During the reporting period, gross profit margin of this segment was approximately 32.2%, a fall of approximately 3.1 percentage points year-on-year, primarily as a result of the sales pattern. During the reporting period, sales area and sales revenue of affordable housing accounted for approximately 55% and 40% of the total respectively, higher than the approximately 24% and 10% levels in the corresponding period, so that the overall gross profit margin of property development was lower than that in the corresponding period.

iv. *Property Investment and Management Operations*

During the reporting period, our investment properties continued to maintain a high occupancy rate. This segment achieved sales revenue of approximately RMB334.2 million, an increase of approximately 4.2% year-on-year, gross profit totalled approximately RMB222.0 million, an increase of approximately 2.8% year-on-year. Phase 2 of the Global Trade Centre in Beijing has been offered for leasing since the end of last year, and generated revenue of approximately RMB12 million during the reporting period. As at 30 June 2009, the occupancy rate of this property was approximately 60%. Phase 3 of the Global Trade Centre had been offered for lease during the reporting period and is anticipated to generate revenue in the second half of the year.

(2) Analysis of Other Items in the Income Statement

i. *Other Income and Gains*

During the reporting period, other income and gains of the Group amounted to approximately RMB290.9 million, an increase of approximately RMB90.6 million year-on-year. Of this, government subsidies primarily comprising returned value-added tax on the cement and modern building materials operations increased by approximately RMB59.8 million year-on-year, while others were increased revenue from disposal of assets.

ii. *Fair Value Gains on Investment Properties, net*

During the reporting period, upon completion of Phase 3 of the Global Trade Centre, the fair value of this property increased by approximately RMB184.3 million over its costs. Together with the net increase in the fair value of other properties, there was a net increase of approximately RMB197.1 million in the fair value of investment properties of the Group during the reporting period, a rise of approximately RMB92.5 million year-on-year.

iii. Selling and Marketing Expenses, Administrative Expenses and Finance Costs

During the reporting period, selling and marketing expenses incurred by the Group were approximately RMB206.4 million, an increase of approximately RMB10.2 million year-on-year, up 5.2%. The major increases were the salaries of sales staff. However, the percentage of selling expenses to sales revenue declined year-on-year.

During the reporting period, administrative expenses incurred by the Group were approximately RMB451.8 million, an increase of approximately RMB23.2 million year-on-year, up approximately 5.4%. The major increases were the salaries of management staff and relevant expenses, and the major segment with these increases was the cement segment. The administrative expenses increased along with the expansion of the scale of this segment and the addition of associated plants (Zanhuang BBMG Cement Co., Ltd., Hebei Taihang Huaxin Building Materials Co., Ltd. and Beijing Xinbeishui Cement Co., Ltd. were added year-on-year, which have started operating for three months during the same period).

During the reporting period, finance costs were RMB104.3 million, a decrease of RMB32.1 million year-on-year, primarily due to the interest rate cuts in bank borrowings.

II. Financial Status

(1) Assets and Liabilities

	Comparison of major assets and liabilities items		Increase/(decrease) during the period
	As at 30 June 2009 *RMB million*	As at 31 December 2008 *RMB million*	(%)
Current assets	**11,879.9**	11,025.9	7.7%
Current liabilities	**11,157.7**	13,285.9	(16.0%)
Net current assets/(liabilities)	**722.2**	(2,260.1)	N/A
Non-current assets	**15,209.9**	14,366.8	5.9%
Non-current liabilities	**7,245.2**	3,932.5	84.2%
Total assets	**27,089.9**	25,392.6	6.7%
Equity attributable to owners of the Company	**7,916.0**	7,334.2	7.9%
Minority interests	**770.9**	840.0	(8.2%)
Net assets	**8,686.9**	8,174.2	6.3%

As at 30 June 2009, the Group's consolidated assets totalled approximately RMB27,089.9 million, an increase of approximately 6.7% at the end of last year; net assets were approximately RMB8,686.9 million, an increase of approximately 6.3% at the end of last year; and asset-liability ratio was approximately 67.9%, a fall of 0.1 percentage points at the beginning of the reporting period.

As at 30 June 2009, the Group's net current assets were approximately RMB722.2 million (as at 31 December 2008: net current liabilities of approximately RMB2,260.1 million).

As at 30 June 2009, the Group's cash and bank balances totalled approximately RMB2,176.1 million, while those at the end of last year were RMB2,017.7 million.

As at 30 June 2009, the Group's interest-bearing bank borrowings totalled approximately RMB6,409.7 million. Of these borrowings, approximately RMB3,188.9 million interest-bearing bank borrowings are due for repayment within one year, a decrease of approximately RMB1,963.3 million at the beginning of the year; approximately RMB3,220.8 million interest-bearing bank borrowings are due for repayment after one year, a decrease of approximately RMB1,348.1 million at the beginning of the year. As at 30 June 2009, the Group had issued corporate bonds of RMB1,900 million with a tenure of seven years. These corporate bonds carry an interest at a fixed rate of 4.32% per annum, payable per year. The Group's bank borrowings are generally raised by the headquarters. The interest rates of these borrowings are generally the benchmark interest rates prescribed by the PRC government. Approximately 28% of the bank borrowings are reduced by a range of 5 to 10% on top of the State's benchmark interest rates.

(2) Cash Flows

	Comparison of net cash flow		Increase/(decrease) during the period against corresponding period last year
	Jan – Jun 2009	Jan – Jun 2008	
	RMB million	*RMB million*	*(RMB million)*
Net cash flow from operating activities	**(455.9)**	320.8	(776.7)
Net cash flow from investment activities	**(465.4)**	(1,833.3)	1,367.9
Net cash flow from financing activities	**1,086.7**	1,482.5	(395.8)
Increase/(decrease) in cash and cash equivalents	**165.4**	(30.0)	195.4
Balance of cash and cash equivalents at beginning of period	**1,881.9**	1,666.6	215.3
Balance of cash and cash equivalents at end of period	**2,047.3**	1,636.6	410.7

During the reporting period, net cash flow from the Group's operating activities decreased year-on-year primarily because the Group repaid the money due to the parent company of approximately RMB740.6 million during the reporting period so that other trade payables decreased substantially from those at the beginning of the period.

During the reporting period, the Group's cash expenses related to investment activities decreased substantially year-on-year primarily because the Group made more commitments to investment properties during the corresponding period last year, while these commitments decreased substantially during the reporting period.

CHARGES ON ASSETS

As at 30 June 2009, the Group's certain investment properties, property, plant and equipment, land use rights and properties under development in an aggregate carrying amount of approximately RMB4,659 million were pledged to certain banks for securing the loans granted to the Group (31 December 2008: RMB4,730 million).

As at 30 June 2009, the Group's certain investment properties, property, plant and equipment and land use rights in an aggregate carrying amount of approximately RMB937 million were pledged to certain banks for securing the loans granted to the Parent (31 December 2008: RMB947 million). Such pledges of the assets for securing the loans granted to the Parent have been released on 3 July 2009.

CONTINGENT LIABILITIES

(a) As at 30 June 2009, the Group had contingent liabilities amounted to approximately RMB984 million (31 December 2008: RMB 748 million) relating to guarantees given to banks in respect of mortgage facilities for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within a certain period after the purchasers take possession of the relevant properties.

    The fair value of the guarantees is not significant and the directors of the Company consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the six months ended 30 June 2009 for the guarantees.

(b) As at 30 June 2009 and 31 December 2008, the Group had contingent liabilities in relation to the transfer of certain other payables balances to the Parent in an aggregate amount of approximately RMB176.3 million. The Group may remain liable if the Parent fails to fulfill its obligations in respect of these transferred liabilities. Pursuant to an indemnification undertaking, the Parent has agreed to indemnify the Group in respect of any loss or damage relating to the transferred liabilities as mentioned above.

(c) As at 30 June 2009 and 31 December 2008, the Group had contingent liabilities in relation to not having proper legal title to certain of its properties. The Group may be subject to penalties, lawsuits or other actions taken against the Group. No provision has been made for such potential legal proceedings and claims as the outcome of the legal proceedings and claims cannot be reasonably estimated and management believes that the probability of loss is remote. The Parent has agreed to indemnify the Group in respect of any loss or damage relating to the defective title certificate.

EMPLOYEES

As at 30 June 2009, the Group had 18,745 employees in total. The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to the PRC laws and regulations. The Group pays salaries to the employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

FOREIGN EXCHANGE RISK MANAGEMENT

During the reporting period, sales proceeds and procurement expenses of the Group were mainly denominated in RMB. The fluctuation of the exchange rate between RMB and HKD may affect the operating results of the Group. However, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of exchange rate fluctuation during the year.

INTEREST IN THE SHARES OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2009, the total issued share capital of the Company was 2,800,000,000 shares, of which 2,461,522,000 were Domestic Shares and 338,480,000 were Unlisted Foreign Shares. The shareholdings of the substantial shareholders who hold 5% or above of the issued share capital of the Company are as follows:

Long Positions:

Type of Shares	Name	Capacity and nature of interest	Number of Ordinary Shares Held	Percentage of the issued share capital of such type of shares of the Company	Percentage of the issued share capital of the Company
Domestic Shares	BBMG Group Company Limited	Directly and Beneficially Owned	1,840,320,000	74.76	65.73
Domestic Shares	China National Materials Co., Ltd.	Directly and Beneficially Owned	239,580,000	9.73	8.56
Unlisted Foreign Shares	Hopeson Holdings Limited	Directly and Beneficially Owned	205,380,000	60.68	7.34

The share capital of the Company (after the completion of the initial public offering and over-allotment by the Company) as at 21 August 2009 was as follows:

Type of Shares	Number of Shares
Domestic Shares	2,365,470,065
Unlisted Foreign Shares	338,480,000
H Shares	1,169,382,435
	3,873,332,500

As at 21 August 2009, to the best knowledge of the Directors, the records of interest (being 5% or more of the Company's issued share capital) as registered in the register kept by the Company under section 336 of the Securities and Futures Ordinance were as follows:

Long Positions:

Type of Shares	Name	Capacity and nature of Interest	Number of Ordinary Shares Held	Percentage of the issued share capital of such type of shares of the Company	Percentage of the issued capital of the Company
Domestic Shares	BBMG Group Company Limited	Directly and Beneficially Owned	1,753,647,866	74.14	45.27
Domestic Shares	China National Materials Co., Ltd.	Directly and Beneficially Owned	239,580,000	10.13	6.19
Unlisted Foreign Shares	Hopeson Holdings Limited	Directly and Beneficially Owned	205,380,000	60.68	5.30
H Shares	China Life Insurance (Group) Company	Directly and Beneficially Owned	89,936,500	7.69	2.32
H Shares	Central SAFE Investments Limited	Through a Controlled Corporation	60,736,500	5.19	1.57

Save as disclosed above, as at 21 August 2009, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance.

INTERESTS IN SECURITIES OWNED BY DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 30 June 2009, the public offering of the Company was yet to be completed. Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance and section 352 of the Securities and Futures Ordinance were not applicable to the Company, the directors, supervisors and chief executives of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the model code for securities transactions by Directors and relevant employees on terms no less exacting than the required trading standard set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules") (the "Required Standard"). Relevant employees who are likely to be in possession of unpublished price sensitive information of the Company in relation to the purchase and sale of the securities of the Company are also required to comply with the Required Standard.

As at 30 June 2009, though the Company's shares had yet to be listed on the Hong Kong Stock Exchange, the Directors were not aware of any issues of Directors and relevant employees not in compliance with the Required Standard during the period of six months ended 30 June 2009.

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

As the Company's shares had yet to be listed on the Hong Kong Stock Exchange as at 30 June 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has adopted a set of conduct code rules, such as terms of reference of the audit committee, terms of reference of the remuneration and nomination committee, prepared in accordance with "Code on Corporate Governance Practices" (the "CG Code"). The Board has reviewed such conduct code rules of the Company, and is of opinion that such conduct code rules have incorporated most of the principles and code provisions in the CG Code as set out in Appendix 14 to the Listing Rules.

As at 30 June 2009, though the shares of the Company had not been listed on the Hong Kong Stock Exchange, the Board was of the view that the Company had fully complied with the code provisions of the CG Code during the period of six months ended 30 June 2009.

The Company gives a high regard to the management of investor relations. An investor relations office has been set up within the Board office to be specifically responsible for investor relations. The "Measures Governing Investor Relations" (投資者關係管理制度) have been formulated to improve investor service program. An investor relations telephone hotline and an e-mail box have been set up, and staff have been specifically assigned to entertain letters and complaints from investors.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") pursuant to the provisions of the CG Code as set out in Appendix 14 to the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of one non-executive director and four independent non-executive directors. At the meeting convened on 28 August 2009, the Audit Committee had reviewed the audited consolidated interim financial statements for the six months ended 30 June 2009. The Audit Committee considered that the Group's financial statements for the first half of 2009, and recommended their adoption by the Board.

Members of the Audit Committee are Zhang Chengfu (Chairman), Hu Zhaoguang, Xu Yongmo, Zhou Yuxian and Yip Wai Ming.

AUDITORS

The Board of the Company has engaged Ernst & Young, Certified Public Accountants, as the auditors for the Company's interim results of 2009. These interim results have been audited by the auditors.

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

The electronic version of this announcement will be published on the website of the Hong Kong Stock Exchange (http://www.hkex.com.hk) and on the website of the Company (http://www.bbmg.com.cn). The 2009 interim financial report of the Company for the six months ended 30 June 2009, which contains the applicable information required under Appendix 16 to the Listing Rules, will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
BBMG Corporation
Jiang Weiping
Chairman

Beijing, the PRC
28 August 2009

As at the date of this announcement, the executive Directors are Jiang Weiping, Li Changli, Jiang Deyi, Shi Xijun, Zhang Handong and Wang Hongjun; the non-executive Director is Zhou Yuxian; and the independent non-executive Directors are Hu Zhaoguang, Xu Yongmo, Zhang Chengfu and Yip Wai Ming.

* *for identification purposes only*