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BBMG 金隅

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

2009 ANNUAL RESULTS HIGHLIGHTS

- Successfully listed on the Main Board of the Hong Kong Stock Exchange on 29 July 2009
- Revenue of RMB11,701.1 million, increased by 36.8% from 2008
- Gross profit of RMB3,259.2 million, increased by 54.3% from 2008
- Net profit of RMB2,115.1 million, increased by 52.6% from 2008
- Net profit attributable to owners of the Company of RMB2,035.4 million, increased by 54.1% from 2008
- Core net profit margin attributable to owners of the Company (excluding the after tax net fair value gains on investment property) was 13.1%, increased by 5.6% from 2008
- Basic earnings per share attributable to owners of the Company was RMB0.63
- The Board proposed a final dividend of RMB0.07 per share or RMB271.1 million for the year ended 31 December 2009

ANNUAL RESULTS

The Board of Directors (the "Board") of BBMG Corporation* (the "Company") is pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009 (the "reporting period") together with the comparative figures for the year of 2008. These results have been reviewed by the Audit Committee of the Company (the "Audit Committee").

* *for identification purposes only*

RESULTS OF OPERATIONS

For the year ended 31 December 2009, the Group achieved a profit attributable to owners of the Company of approximately RMB2,035.4 million, representing an increase of approximately 54.1% over the last year; basic earnings per share was approximately RMB0.63 (year ended 31 December 2008: RMB0.59), representing an increase of RMB0.04 over the last year; net asset value was approximately RMB16,484.4 million as at the end of the year, representing an increase of approximately RMB8,310.1 million at the beginning of the year; and net asset value per share as at the end of the year was approximately RMB3.86, representing an increase of approximately RMB1.24 at the beginning of the year.

FINAL DIVIDEND

The Board recommends a final dividend of RMB0.07 (tax included) per share for the year ended 31 December 2009 (year ended 31 December 2008: RMB0.04), amounting to RMB271.1 million (tax included) (year ended 31 December 2008: RMB112.0 million).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
REVENUE	4	**11,701,087**	8,550,656
Cost of sales		**(8,441,898)**	(6,438,645)
Gross profit		**3,259,189**	2,112,011
Other income and gains	4	**604,028**	572,596
Fair value gains on investment properties, net		**665,307**	910,866
Selling and marketing expenses		**(451,205)**	(447,495)
Administrative expenses		**(972,070)**	(890,276)
Other expenses, net		**(79,564)**	(87,581)
Finance costs	6	**(209,128)**	(228,352)
Share of profits and losses of:			
Jointly-controlled entities		**49,314**	(16,831)
Associates		**16,091**	(17,562)
PROFIT BEFORE TAX	5	**2,881,962**	1,907,376
Income tax expense	7	**(766,856)**	(521,365)
PROFIT FOR THE YEAR		**2,115,106**	1,386,011
Attributable to:			
Owners of the Company	8	**2,035,388**	1,320,816
Minority interests		**79,718**	65,195
		2,115,106	1,386,011
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		**RMB0.63**	RMB0.59

Details of the dividends payable and final dividend proposed for the year are disclosed in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,115,106**	1,386,011
OTHER COMPREHENSIVE INCOME		
Available-for-sale assets:		
Changes in fair value	**2,419**	–
Income tax effect	**(605)**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,116,920**	1,386,011
Attributable to:		
Owners of the Company	**2,037,202**	1,320,816
Minority interests	**79,718**	65,195
	2,116,920	1,386,011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,040,049**	4,233,644
Investment properties		**8,195,400**	7,409,487
Land use rights		**1,451,811**	1,328,558
Goodwill		**246,350**	99,171
Other intangible assets		**26,122**	22,265
Mining rights		**149,348**	89,828
Interests in jointly-controlled entities		**241,325**	254,406
Interests in associates		**316,835**	795,237
Available-for-sale investments		**17,411**	14,985
Deferred tax assets		**231,580**	119,199
Total non-current assets		**17,916,231**	14,366,780
CURRENT ASSETS			
Inventories		**7,698,826**	6,347,923
Trade and bills receivables	*10*	**1,613,258**	1,139,744
Prepayments, deposits and other receivables		**2,409,619**	1,499,591
Tax recoverable		**20,412**	20,953
Restricted cash		**142,747**	135,753
Cash and cash equivalents		**5,499,609**	1,881,897
Non-current assets held for sale		**155,962**	–
Total current assets		**17,540,433**	11,025,861
CURRENT LIABILITIES			
Trade and bills payables	*11*	**2,285,463**	1,961,612
Other payables and accruals		**5,736,011**	5,786,030
Dividend payable		**–**	19,057
Interest-bearing bank loans		**2,420,600**	5,152,200
Taxes payable		**590,710**	321,259
Provision for supplementary pension subsidies and early retirement benefits		**42,156**	45,761
Total current liabilities		**11,074,940**	13,285,919
NET CURRENT ASSETS/(LIABILITIES)		**6,465,493**	(2,260,058)
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,381,724**	12,106,722

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**3,724,546**	1,872,700
Corporate bonds	*12*	**1,933,904**	–
Deferred tax liabilities		**1,213,650**	955,856
Provision for supplementary pension subsidies and early retirement benefits		**562,429**	558,328
Deferred income		**322,537**	304,778
Other non-current liabilities		**140,292**	240,831
Total non-current liabilities		**7,897,358**	3,932,493
Net assets		**16,484,366**	8,174,229
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**3,873,333**	2,800,000
Reserves		**10,817,007**	4,422,226
Proposed final dividend	*9*	**271,133**	112,000
		14,961,473	7,334,226
Minority interests		**1,522,893**	840,003
Total equity		**16,484,366**	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").

2.1 BASIS OF PREPARATION

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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for investment properties and certain equity investments, which have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. 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 consolidated financial statements include the financial statements of the Group for the year ended 31 December 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. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

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 aggregated fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Contingent consideration is recognised if the adjustment is probable and can be measured reliably. Subsequent measurement to the contingent consideration affects goodwill. 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. An acquisition of minority interests is 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.

2.2 CHANGES IN ACCOUNTING POLICY

In 2009, the Group early adopted the amendment to HKFRS 8 *(Operating Segment – Disclosure of information about segments assets)* which applies for annual periods beginning on or after 1 January 2010.

HKFRS 8 clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision-makers. HKFRS 8 requires retrospective application. As such information is not regularly reported to the chief operating decision-makers of the Group, it is not disclosed in the information on operating segments.

3. OPERATING 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 investment for their rental income potential and/or for capital appreciation, and provides management and security services to residential and commercial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income as well as head office and corporate expenses are excluded from such measurement.

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.

No revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue during the year.

Year ended 31 December 2009

	Cement *RMB'000*	**Modern building materials** *RMB'000*	**Property development** *RMB'000*	**Property investment and management** *RMB'000*	**Total** *RMB'000*
Segment revenue					
External customers	4,590,045	2,855,827	3,571,904	683,311	11,701,087
Intersegment	18,218	23,102	–	16,286	57,606
Total revenue	4,608,263	2,878,929	3,571,904	699,597	11,758,693
Reconciliation:					
Elimination of intersegment sales					(57,606)
Revenue					11,701,087
Segment results	878,458	204,741	1,098,844	926,210	3,108,253
Reconciliation:					
Elimination of intersegment results					34,590
Interest income					21,303
Corporate and unallocated expenses, net					(73,056)
Finance costs					(209,128)
Profit before tax					2,881,962

	Cement *RMB'000*	Modern building materials *RMB'000*	Property development *RMB'000*	Property investment and management *RMB'000*	Total *RMB'000*
Other segment information					
Share of profits and losses of jointly-controlled entities	–	(6,877)	56,191	–	49,314
Share of profits and losses of associates	35,813	(19,722)	–	–	16,091
Fair value gains/(losses) on investment properties, net	–	1,555	(9,080)	672,832	665,307
Impairment losses recognised/ (reversed) in the income statement, net	19,482	8,697	(808)	–	27,371
Depreciation and amortisation	252,141	89,702	8,959	58,451	409,253
Interests in jointly-controlled entities	–	159,047	82,278	–	241,325
Interests in associates	18,000	297,636	–	1,199	316,835
Assets classified as held for sale	–	–	155,962	–	155,962

Year ended 31 December 2008

	Cement RMB'000	Modern building materials RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
Segment revenue					
External customers	3,279,909	2,678,252	1,968,332	624,163	8,550,656
Intersegment	34,880	23,465	–	5,957	64,302
Total revenue	3,314,789	2,701,717	1,968,332	630,120	8,614,958
Reconciliation:					
Elimination of intersegment sales					(64,302)
Revenue					8,550,656
Segment results	447,091	148,975	523,819	1,127,761	2,247,646
Reconciliation:					
Elimination of intersegment results					3,145
Interest income					18,770
Corporate and unallocated expenses, net					(133,833)
Finance costs					(228,352)
Profit before tax					1,907,376
Other segment information					
Share of profits and losses of jointly-controlled entities	–	(1,621)	(15,210)	–	(16,831)
Share of profits and losses of associates	3,122	(19,939)	(745)	–	(17,562)
Fair value gains/(losses) on investment properties, net	–	23,588	(16,974)	904,252	910,866
Impairment losses recognised/ (reversed) in the income statement, net	32,102	–	(643)	–	31,459
Depreciation and amortisation	165,359	79,558	5,991	47,770	298,678
Interests in jointly-controlled entities	–	118,256	136,150	–	254,406
Interests in associates	462,777	331,240	–	1,220	795,237

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 and surcharges, from the sale of properties; the net incurred value of services rendered; gross rental income net of business tax and surcharges received and receivable from investment properties; and property management income received and receivable during the year.

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

	2009	2008
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**7,088,620**	5,652,170
Sale of properties	**3,350,304**	1,889,868
Sale of land	**187,057**	–
Gross rental income from investment properties	**336,416**	296,744
Property management fees	**219,282**	169,559
Rendering of services	**155,810**	134,746
Income from processing industrial waste	**119,125**	124,542
Hotel operations	**128,210**	124,982
Others	**116,263**	158,045
	11,701,087	8,550,656
Other income and gains		
Gross rental income from lease of plant and machinery	**28,760**	53,606
Gain on disposal of items of property, plant and equipment	**23,000**	14,105
Gain on disposal of land use rights	**26,677**	–
Gain on disposal of investment properties	**29,569**	–
Bank interest income	**21,303**	18,770
Interest income received from jointly-controlled entities	**7,368**	27,773
Relocation compensation	**46,310**	29,367
Government grants		
– Recognition of deferred income	**34,960**	18,503
– Value-added tax refund	**254,414**	191,837
Service fee income	**14,069**	30,610
Others	**117,598**	188,025
	604,028	572,596

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2009	2008
	RMB'000	*RMB'000*
Cost of inventories sold	**7,778,334**	5,741,117
Cost of services provided	**663,564**	697,528
Depreciation	**371,437**	276,191
Impairment of items of property, plant and equipment	**–**	2,149
Amortisation of land use rights	**29,718**	18,568
Amortisation of other intangible assets	**1,872**	1,378
Amortisation of mining rights	**6,226**	2,541
(Gain)/loss on disposal of items of property, plant and equipment, net	**(23,000)**	1,616
Gain on disposal of investment properties	**(29,569)**	–
Gain on disposal of land use rights	**(26,677)**	–
Loss on disposal of subsidiaries	**–**	3,272
Employee benefit expense (including directors' and supervisors' remuneration):		
Wages and salaries	**560,987**	528,466
Pension schemes contributions (defined contribution schemes)	**137,697**	120,699
Supplementary pension subsidies and early retirement benefits	**31,960**	18,864
Welfare and other expenses	**79,959**	71,348
	810,603	739,377

6. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on bank loans	**385,026**	473,321
Interest on corporate bonds	**59,813**	–
Less: Interest capitalised	**(235,711)**	(244,969)
	209,128	228,352

7. INCOME TAX

	2009	2008
	RMB'000	*RMB'000*
Current		
PRC corporate income tax	**459,880**	223,274
PRC land appreciation tax	**118,438**	105,702
	578,318	328,976
Deferred	**188,538**	192,389
Total tax charge for the year	**766,856**	521,365

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 year (2008: Nil).

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 year, based on the existing legislation, interpretations and practices in respect thereof.

The share of tax attributable to jointly-controlled entities amounting to RMB24,738,000 (2008: RMB3,788,000 (tax credit)) 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 RMB11,020,000 (2008: RMB6,077,000) 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 from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2009	2008
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**2,035,388**	1,320,816
	Number of Shares	
Shares		
Weighted average number of ordinary shares of the Company in issue during the year used in the basic earnings per share calculation	**3.3 billion**	2.2 billion

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. DIVIDEND

	2009	2008
	RMB'000	*RMB'000*
Proposed final – RMB0.07 (2008: RMB0.04) per ordinary share	**271,133**	112,000
	271,133	112,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. TRADE AND BILLS RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
Trade receivables	**1,450,289**	1,139,681
Bills receivable	**389,772**	182,348
Less: Impairment provision	**(226,803)**	(182,285)
	1,613,258	1,139,744

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.

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

	2009	2008
	RMB'000	*RMB'000*
Within 6 months	**806,698**	493,585
7 to 12 months	**307,280**	346,801
1 to 2 years	**77,995**	85,497
2 to 3 years	**15,610**	24,575
Over 3 years	**15,903**	6,938
	1,223,486	957,396

11. TRADE AND BILLS PAYABLES

	2009	2008
	RMB'000	*RMB'000*
Trade payables	**2,142,326**	1,827,232
Bills payable	**143,137**	134,380
	2,285,463	1,961,612

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

An aged analysis of the trade payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 3 months	**1,107,151**	857,058
4 to 6 months	**338,564**	88,475
7 to 12 months	**263,749**	584,898
1 to 2 years	**349,991**	227,083
2 to 3 years	**34,571**	47,297
Over 3 years	**48,300**	22,421
	2,142,326	1,827,232

12. 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 Beijing SASAC. The holders of the Bonds are entitled to a redemption right exercisable at the expiry of the fifth anniversary of the issue date. The Bonds are stated at amortised cost as at the end of the reporting period.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I am pleased to present to you the results announcement of the Group for the year ended 31 December 2009 and the satisfactory operating results for the year ended 31 December 2009.

In 2009, the global economy was adversely affected by the global financial crisis resulted from the subprime mortgage meltdown in the United States. It was also the most difficult year for the PRC economy in the new century. The PRC government has implemented and continued to improve a package of plans with an aim to tackle the global financial crisis and promote the domestic economic development, which has reversed a sliding economy, and the PRC economy took the lead in making a recovery in 2009 and is moving steadily towards a favorable direction. Driven by the economic stimulus package, the proactive financial policy and the loose monetary policy launched by the PRC government, domestic demand has gradually picked up in the second half of 2009. There was a significant increase in demand for cement and building materials, and a fast pick-up in the property sector with the support of a number of key infrastructure projects such as high-speed railways, airports, highways and urbanized constructions. According to the statistical information of the National Bureau of Statistics, China's economy grew by 8.7% in 2009 and the fourth quarter growth alone surged to 10.7% on an annualized basis and nationwide fixed-asset investment rose by 30.1% year-on-year in 2009 to RMB 22.4846 trillion.

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 capitalized on development opportunities accurately, coped with the changes in the situation proactively, worked out development strategies in a scientific manner, adopted effective business plans, leveraged on our strengths in strategic planning, industrial chain, management integration, technology and branding, expanded the target markets of the Group aggressively, strengthened the regional resources integration and enhanced the management standards and efficiency of operation to maintain steady, fast and sound development in the business performance of the Group so that the Group has achieved sound growth in its principal businesses. Meanwhile, the Company fully capitalized on a favourable capital market opportunity by successfully launching and completing an initial public offering and listing of the H shares of the Company on the Main Board of the Hong Kong Stock Exchange. On behalf of the Board, I hereby would like to express my sincere thanks to all of the investors and to all the shareholders for their care and support to the business development of the Company.

During the reporting period, under the Hong Kong Financial Reporting Standards, the Group's revenue amounted to approximately RMB11,701.1 million, an increase of approximately 36.8% year-on-year; profit after tax for the year was approximately RMB2,115.1 million, an increase of approximately 52.6% year-on-year; profit attributable to the owners of the Company was approximately RMB2,035.4 million, an increase of approximately 54.1% year-on-year; and earnings per share attributable to the owners of the Company were approximately RMB0.63.

The Board has proposed to pay a final dividend of RMB0.07 per share (tax included) in cash.

Cement and Ready-mixed Concrete

In 2009, the PRC government stepped up its control over the reorganisation and excess capacity of the cement industry. By eliminating production capacity using obsolete technologies, continuing to enforce energy conservation and environmental protection as well as lifting the entry barrier of the cement industry, the PRC government further guided the cement industry to grow in a sound and orderly manner, thereby creating a favorable opportunity for the development of the cement operations of the Group.

Being one of the largest cement enterprises in the Bohai Gulf Region, the Group has fully capitalized on the market opportunities arising from the State's package of economic stimulus plans 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, stepping up the integration of regional resources, mergers and acquisitions and reorganisation as well as market development so that the control and competitiveness of the Group in the mega-regional market were enhanced substantially.

Firstly, the Company accelerated the planning for key projects. New expansion projects such as Luquan Dongfang Dingxin Cement Co., Ltd.'s ("Dingxin Cement") new production lines with a daily output of 5,000 tonnes of clinkers and Zanhuang BBMG Cement Co., Ltd. ("Zanhuang Cement") grinding stations with an annual output of 1 million tonnes of powers commenced operation smoothly. As at the end of 2009, the Company achieved a total cement production capacity of 16.33 million tonnes, further enhancing its control and competitiveness in the regional markets in Beijing, Tianjin and Hebei Province. The Group's concrete operations have helped speed up its market development in Beijing, Tianjin, Hebei Province and other related key regions, and achieved a rapid growth.

Secondly, the Company strengthened the control of strategic resources such as quality limestone mines and increased limestone reserves by 177 million tonnes through mergers and acquisitions and reorganisation. As at the end of 2009, the limestone resources and reserves actually under the control of the Company reached 550 million tonnes. This has offered a reliable assurance to improving the cement business performance and sustainable development of the Company.

Thirdly, the Company seized the favorable opportunity in the market and successfully won the bids for the project involving 28 railways such as the Beijing-Shijiazhuang railway, Beijing-Shanghai Railway, Zhangjiajie-Chengde Railway and Beijing-Chengde Railway, expressway works, a number of underground railways in Beijing and the South-North Water Transmission Project. During the reporting period, total sales volume of cement was approximately 13.88 million tonnes, an increase of approximately 3.48 million tonnes year-on-year; sales volume of commercial concrete was approximately 2.90 million cubic meters, an increase of approximately 0.65 million cubic meters year-on-year; revenue for the cement sector was approximately RMB4,608.3 million, an increase of approximately 39.0% year-on-year.

Fourthly, the Company strengthened the first-mover advantages in the development of a circular economy for the Company's cement operations, and innovated a profit model for the cement operations. The first demonstration production line in China, set up based upon the Company's independent research and development, for the treatment of municipal domestic sludge by means of harmless and recycling cement kilns commenced operation successfully. Its annual processing capacity reached a quarter of the total domestic sludge in Beijing. A pilot production line in China, set up based upon the Company's independent research, development and design, for the treatment of residue ashes after incineration of solid wastes by means of harmless cement kilns has commissioned a test run. This has created a new profit model for the cement industry, and achieved the coordination of economic, social and ecological benefits.

Modern Building Materials

During the reporting period, the Group has effectively overcome the effect of a scant overseas demand due to the financial crisis such that the modern building materials segment achieved a steady and relatively fast growth, further demonstrating the advantages in the "industrial park-based" (園區化) development.

Firstly, the Group further stepped up the investment in and the construction of the projects with promising market outlook and high return. Beijing Tongda Refractory Technology Corporation's ("Tongda Refractory") technological transformation project for the production lines with an annual output of 50,000 tonnes of high-grade refractory products was put in operation, and the base with an annual output of 150,000 tonnes of refractory raw materials commenced operation smoothly. On 16 November 2009, Tongda Refractory was accredited as a State-level Corporate Technical Center (國家級企業技術中心) with its high-standard and cutting-edge technologies as well as research and development capabilities.

Secondly, the Company accelerated the integration process for similar industrial resources by completing the integration of the aerated concrete operations and the paint operations such that economic benefits and competitiveness were improved significantly.

Thirdly, the Company adopted the "unified planning, construction in stages" (統一規劃、分步建設) approach to establish the Jinyu Industrial Park, a mega plant with an area of more than 1,000 acres, which provides systematic and high quality services for the enterprises in the park by leveraging on its advantages such as according to speedy construction, low comprehensive costs, integrated supporting facilities and professional management as well as its endeavours to successfully obtain the support from the local preferential policies. The first batch of enterprises in the park have set up 15,000 tonne-glass wool production lines and 25 million cubic meter-mineral wool board production lines which have officially been put in operation.

Fourthly, the Group progressed with an integrated sales model and opened up the market for key projects progressively. We won the bids for a number of projects like the National Museum, Beijing-Baotou Tunnel, National Convention Centre, a number of underground railway stations in Beijing and the tower in Jinmen, Tianjin, with our principal products like Tiantan furniture, Star mineral wool boards, dry mixed mortars, paints and glass wools, achieving a rapid growth in sales.

Property Development

During the reporting period, the Company's property development segment continued to adhere to the business strategy for adjusting the "two structures" (兩個結構) and "accelerating cash flow" (好水快流), and achieved outstanding results.

Firstly, by further adjusting the portfolio of development projects and land reserves, and continuing to carry out fast development, fast construction, fast sales and other measures, the Group accelerated project commencement, construction progress and land reserves when the property market was sluggish in the first half of 2009, and took the lead and captured the chance in the rebounding property market. Projects like BBMG7090, Jinyu Guanlan Times, Jinyu Kele+, Jinyu Vanke City and Jinyu Times City were generally sold out; the sales benchmark of affordable housing projects like Jinyu Meiheyuan and Jinyu Lijingyuan were over 80%.

Secondly, by adopting the cycle-aversion (規避週期式) business strategy, the Group focused on the planning for first-tier cities like Beijing, Tianjin and Hangzhou so that we reaped fruitful results from land reserves. From 2009 to early 2010, the Company acquired 6 land plots from the Group's proprietary market transactions and 4 land plots from its non-proprietary market transactions, bringing additional land reserves of 1.798 million sq.m. As at 31 March 2010, the Company had land reserves of approximately 5.59 million sq.m.

Property Investment and Management

As the property investment and management operations were being further integrated, their economies of scale were further demonstrated so that this segment saw a steady increase in rents and profits and continued to maintain a high occupancy rate and profit level.

Firstly, the property areas held by the Group continued to increase and the scale of operation and competitiveness were improved further. In 2009, there was an additional property area of 65,000 sq.m. upon the commencement of operation of Phase 3 of the Global Trade Center, bringing the total area of investment properties to 601,000 sq.m. After the Company acquired the Office Tower Project of Dacheng International Center in March 2010, the area of investment properties has increased by 58,000 sq.m.. The office tower of Dacheng International Center is located at the eastern section of the Fourth Ring Road in Beijing, which is a favourable geographical location and has room for substantial value appreciation.

Secondly, the Group consolidated and expanded client resources for further enhancement of the Group's good brand and market image in the property operations through effective promotion and marketing strategies. By offering comprehensive facilities and excellent services, the Global Trade Center has attracted some international large corporations like Intel, Dentsu Inc., Deutsche Telekom AG and FAW-Audi to take occupancy. The Company's high-end property management has won the award of "Brand Enterprise for Golden Services in China's Property Sector" ("中國物業行業金牌服務品牌企業"). Fengshan Hotspring Resort, selected as the only hot spring in northern China, was rated by overseas media as one of the "Top Ten Carefully Selected Hot Springs in China" ("中國嚴選十大溫泉").

Prospects

According to the forecasts by certain major international economic organizations, the global economy is anticipated to pick up gradually, while the PRC economy will continue to maintain a fast growth. At the same time, as the impact of the financial crisis lingers, China's macro economy is still subject to changes and ongoing adjustments. 2010 will be a year mixed with opportunities and challenges.

In 2010, the Group will go with macro policy adjustments, cope with changes in the economic situation, capitalize on new opportunities, continue to step up industrial planning and business development for the mega-regional market, expand the scale of operation, make use of synergies and enhance the strength to withstand economic fluctuations for overall promotion of the strong development of the Company.

With respect to the cement and ready-mixed concrete segment, while the Company will further improve the "grand cross-shape" strategy (大十字戰略佈局) for Beijing, Tianjin and Hebei Province, it will undertake competitive planning in selected regions with resources advantages by accelerating the pace of mergers and acquisitions and reorganisation of the cement industry and constructing new, renovating or expanding cement projects so as to enhance regional market coverage and market share and to take development leadership in active competition. The Company will speed up the possession of scarce resources by consolidating strategic foundations and increasing the control of strategic resources in Beijing, Tianjin, Hebei Province and other regions for laying a solid foundation for the sustainable development of the cement industry. The Company will further expand the new "low-carbon and circular economy" (低炭經濟和循環經濟) development mode for the cement industry by utilizing the advantages in power generation from residue heat, treatment of municipal sludge and industrial wastes to reduce operating costs and enhance production added-value. The Company will strengthen the new model of strategic cooperation in the core business by strengthening cooperation and synergic development with China Haohua Chemical Industry (Group) Corporation ("China Haohua"), Datang International Power Generation Co., Ltd. and other strategic partners across industries for sharing resources and complementing advantages to expand the Company's cement business development.

With respect to the modern building materials segment, the Company will continue to carry out the "industrial park-based" (園區化) development approach by increasing industrial concentration during the acceleration of structural adjustment for further enhancement of core competitiveness. By closely accommodating to the positioning of Beijing for metropolitan-based industrial development planning, the Company will speed up technological innovations and industrial upgrades, and constantly consolidate our foundations for metropolitan-based industrial development. The Company will continue to step up and deepen the integration of resources of similar industries for optimizing assets, centralizing production capacity, pooling human resources and continuously raising the overall competitiveness and economic efficiency of the industry in the market. On the basis of the successful development of Jinyu Industrial Park, the Company will speed up the planning and construction of other industrial parks to serve as a new platform for another major development of the modern building materials manufacturing segment. The Company will continue to carry out the circular economy philosophy and the low-carbon economy strategy by implementing clean production, energy conservation, emissions reduction and comprehensive utilization throughout all aspects of production and operation to better achieve the coordination and unification of "economic, social and ecological benefits".

With respect to the property development segment, the Company will seize the opportunity arising from the recovery of the property market by expanding land reserves by means of reasonable and sound market operations, and choosing the right timing for promotion of proprietary land market transactions, while it will optimize market regions by appropriately accessing the second- and third-tier cities with great urbanization potential and promising prospects for urbanization to continue to reserve an appropriate amount of land resources in a scientific manner. The Company will maintain the development of a product portfolio in a scientific and reasonable manner to further increase the proportion of ordinary commercial housing development. The Company will speed up construction, sales and the recovery of capital to enhance profitability and cash flow. The Company will fully leverage on the advantages in the core industrial chain by aggressively exploring the development models for the residential property sector, and enhancing branding presence to develop competitive projects for achieving sustainable, fast and sound development in property development.

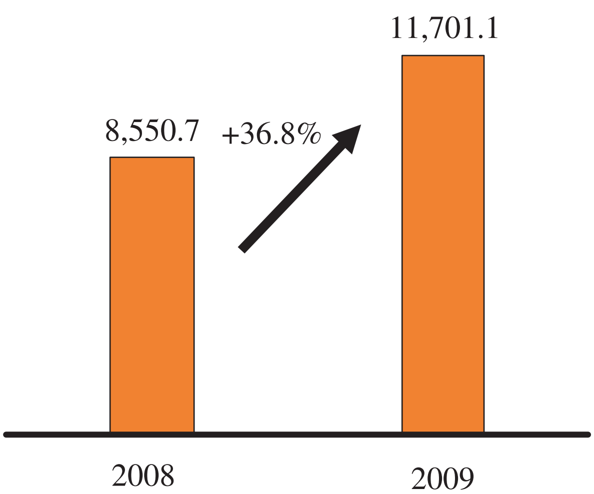
With respect to the property investment and management segment, the Company will fully leverage on the strength in resources integration and scale. The Company will take advantage of the opportunities arising from the "boost domestic demand" policy promoted by the PRC government by effectively coping with the economic development of Beijing and the PRC government's macro control policy. The Company will strengthen the innovative business model, profit model and service portfolio, increase marketing efforts, optimize the business environment, increase service level and property brand value to further improve profitability.

Lastly, on behalf of the Board, I would like to express my gratitude to the shareholders and business partners of the Group for their support and assistance over the past one year. In 2010, with the tremendous support of the shareholders and the concerted efforts of all staff, the Company is confident that it will further achieve the rapid development of its businesses and return the shareholders with good performance.

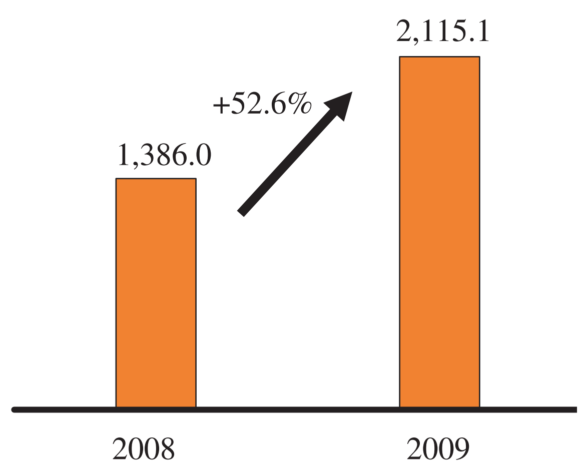
Summary of Financial Information

	2009	2008	**Change**
	RMB million	*RMB million*	*%*
Revenue	**11,701.1**	8,550.7	36.8
Gross profit	**3,259.2**	2,112.0	54.3
Profit before tax	**2,882.0**	1,907.4	51.1
Profit for the year	**2,115.1**	1,386.0	52.6
Net profit attributable to owners of the Company	**2,035.4**	1,320.9	54.1
Basic earnings per share attributable to owners of the Company	**RMB0.63**	RMB0.59	6.8
Total assets	**35,456.7**	25,392.7	39.6
Net assets	**16,484.4**	8,174.3	101.7

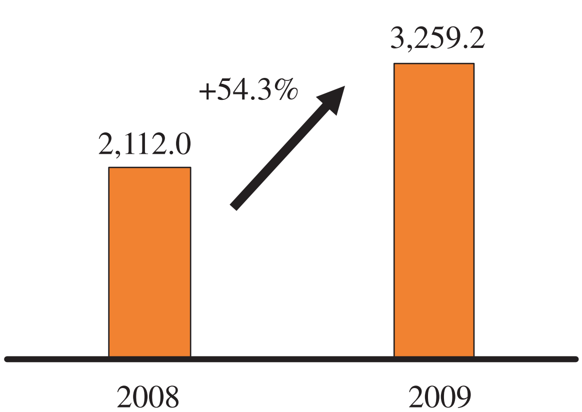
Revenue (RMB million)



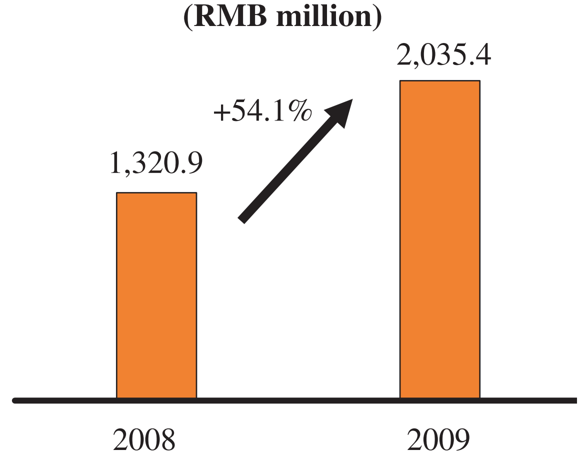
Profit for the year (RMB million)



Gross profit (RMB million)



Net profit attributable to owners of the Company (RMB million)



SUMMARY OF BUSINESS INFORMATION

Cement

	Sales volume in 2009	Sales volume in 2008	**Change %**
Cement (in 10,000 tonnes)	**1,388.0**	1,040.0	33.5
Including: Cement produced for the Group's own account (in 10,000 tonnes)	**1,082.0**	750.0	44.3
Concrete (in 10,000 cubic meters)	**290.0**	225.0	28.9
Treatment of solid waste (in 10,000 tonnes)	**16.0**	13.0	23.1

Modern building materials

	2009	2008	**Change %**
Furniture (in RMB million)	**678.0**	617.0	9.9
Refractory materials (in 10,000 tonnes)	**17.3**	15.5	11.6
Trade and logistics (in RMB million)	**1,080.0**	999.0	8.1
Revenue from other products (in RMB million)	**533.0**	626.0	(16.5)

Property development

	2009	2008	**Change %**
Newly completed GFA (in 10,000 sq.m.)	**54.0**	46.0	17.4
Booked GFA (in 10,000 sq.m.)	**47.4**	24.5	93.5
Including: Commodity housing (in 10,000 sq.m.)	**36.1**	20.1	79.6
Economically affordable housing (in 10,000 sq.m.)	**11.3**	4.4	156.8

Note: The booked GFA of 169,000 sq.m. during the year contributed by BBMG Vanke Property Development Co., Ltd. ("BBMG Vanke"), a jointly-controlled entity of the Company, is not included.

Property investment and management

	2009	2008	**Change %**
Gross GFA of investment property (in 10,000 sq.m.)	**60.1**	53.0	13.4
Leasable GFA (in 10,000 sq.m.)	**47.2**	41.6	13.5
Leased GFA (in 10,000 sq.m.)	**37.1**	27.9	33.0

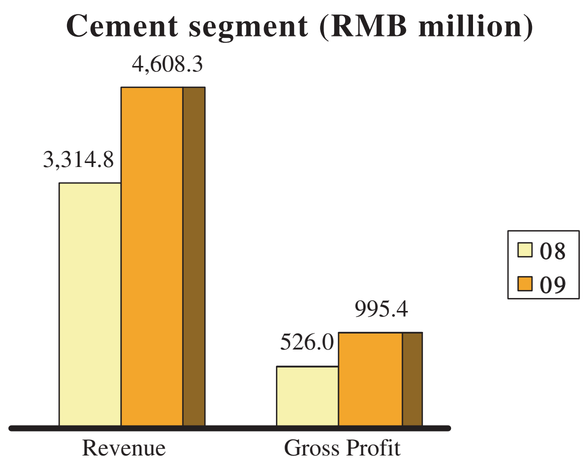
REVIEW OF OVERALL RESULTS

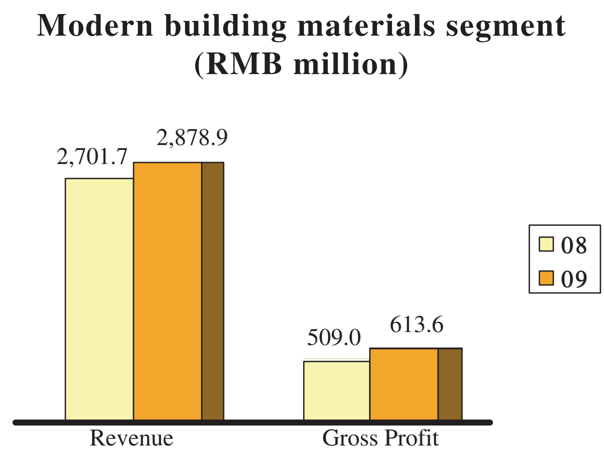
Leveraging on the RMB4 trillion economic stimulus package launched by the PRC government and the significant increase in fixed assets investment in the Beijing-Bohai Gulf Region, the Company boosted its advantageous businesses in 2009, speed up industrial restructuring and regional layout, strengthened its internal management, enhanced its management efficiency and reduced operating cost, which all together resulted in a remarkable increase in various economic indicators of the Company.

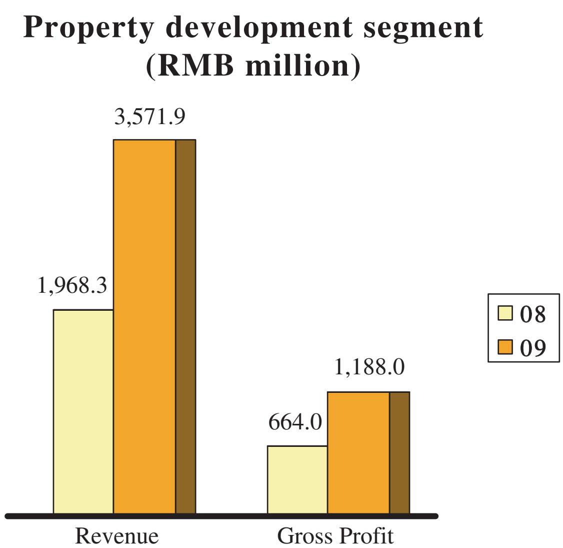
In 2009, the results of the Company had grown rapidly. Revenue exceeded RMB10 billion for the first time, increased by 36.8% year-on-year to RMB11,701.1 million; gross profit amounted to RMB3,259.2 million, an increase of 54.3% year-on-year; net profit amounted to RMB2,115.1 million, an increase of 52.6% year-on-year.

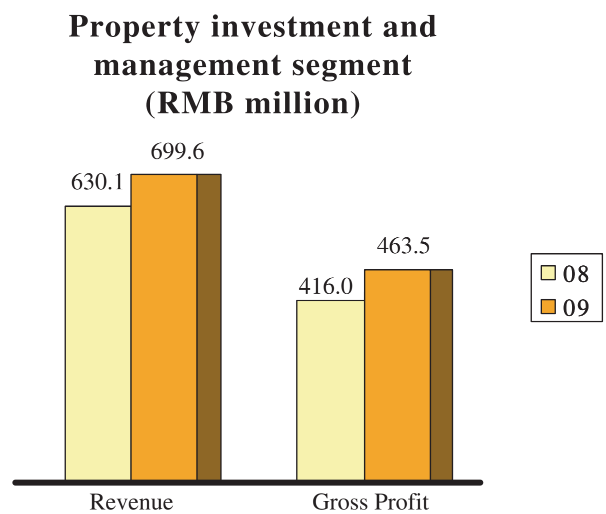
The results of all of the Company's four business segments namely cement, modern building materials, property development and investment property achieved remarkable growth. Among which:

- Revenue from cement segment increased by 39.0% to RMB4,608.3 million, with gross profit increased by 89.2% to RMB995.4 million;
- Revenue from modern building materials segment increased by 6.6% to RMB2,878.9 million, with gross profit increased by 20.6% to RMB613.6 million;
- Revenue from property development segment increased by 81.5% to RMB3,571.9 million, with gross profit increased by 78.9% to RMB1,188.0 million; and
- Revenue from property investment and management segment increased by 11.0% to RMB699.6 million, with gross profit increased by 11.4% to RMB463.5 million.









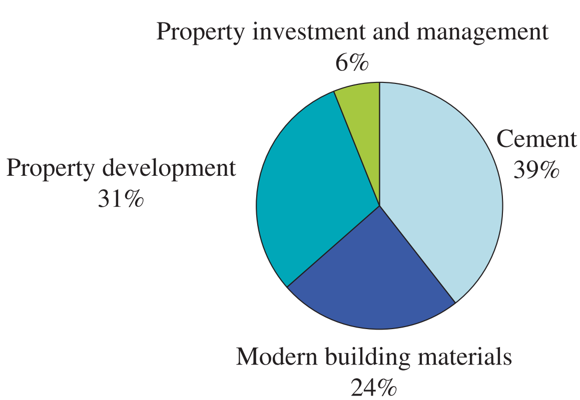
ANALYSIS OF BUSINESS SEGMENTS

	Comparison of revenue from each business segment		
	Year ended 31 December 2009	Year ended 31 December 2008	**Change**
	RMB million	*RMB million*	**%**
Cement segment	**4,608.3**	3,314.8	39.0
Modern building materials segment	**2,878.9**	2,701.7	6.6
Property development segment	**3,571.9**	1,968.3	81.5
Property investment and management segment	**699.6**	630.1	11.0
Eliminations	**(57.6)**	(64.3)	N/A
Total	**11,701.1**	8,550.6	36.8

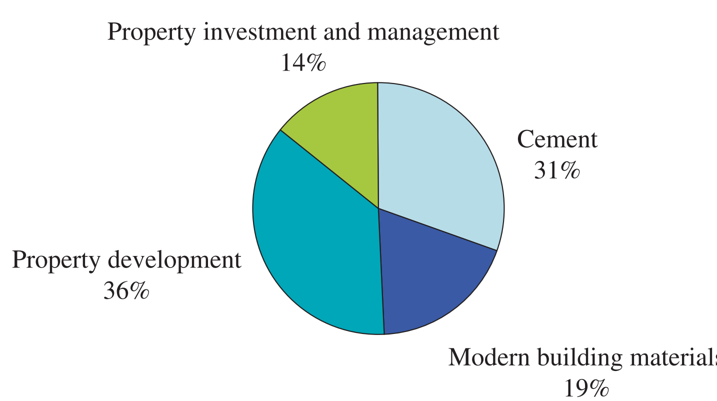
	Comparison of gross profit of each business segment		
	Year ended 31 December 2009	Year ended 31 December 2008	**Change**
	RMB million	*RMB million*	**%**
Cement segment	**995.4**	526.0	89.2
Modern building materials segment	**613.6**	509.0	20.6
Property development segment	**1,188.0**	664.0	78.9
Property investment and management segment	**463.5**	416.0	11.4
Eliminations	**(1.3)**	(3.0)	N/A
Total	**3,259.2**	2,112.0	54.3

	Comparison of gross profit margin of each business segment		
	Year ended 31 December 2009	Year ended 31 December 2008	**Change**
			%
Cement segment	**21.6%**	15.9%	5.7
Modern building materials segment	**21.3%**	18.8%	2.5
Property development segment	**33.3%**	33.7%	(0.4)
Property investment and management segment	**66.3%**	66.0%	0.3
Eliminations	**N/A**	N/A	N/A
Average	**27.9%**	24.7%	3.2

Breakdown of segment revenue in 2009



Breakdown of segment gross profit in 2009



1. Cement Operations

During 2009, the Company's cement segment achieved revenue of RMB4,608.3 million, an increase of 39.0% year-on-year; gross profit amounted to RMB995.4 million, an increase of 89.2% year-on-year; and gross profit margin was 21.6%, an increase of 5.7 percentage points year-on-year.

For cement produced for the Company's own account in 2009, gross profit margin was 26.4%, an increase of 3.4% year-on-year; unit gross profit was RMB78 per tonne, an increase of RMB25 per tonne year-on-year; and unit net profit was RMB49 per tonne, an increase of RMB24 per tonne year-on-year.

The strong growth in the results of cement segment was attributable to (i) an average price hike to approximately RMB15 per tonne for cement in Beijing, Tianjin and Hebei Province in 2009 due to the favourable market environment; and (ii) tremendous improvement of the Company in internal management in respect of common operation, energy conservation, emission reduction, cost reduction and efficiency enhancement.

(1) Accelerating Merger and Acquisition and Reorganisation of Cement Operations, Boosting Market Share and Predominance

The Company seized the favourable opportunities to increase its market share in the Beijing-Bohai Gulf Region, the Company won the tenders for 28 railway and expressway projects (including Beijing to Shijiazhuang, Beijing to Shanghai, Zhangjiakou to Chengde and Beijing to Chengde sections), several Beijing subways and the South-to-North Water Diversion Project. During the reporting period, cement sales volume was 13.88 million tonnes, an increase of 3.48 million tonnes year-on-year; of which cement produced for the Group's own account was 10.82 million tonnes, an increase of 3.32 million tonnes year-on-year. The newly built production line of Dingxin Cement with daily production capacity of 5,000 tonnes of clinker and the grinding station of Zanhuang Cement with production capacity of 1 million tonnes per annum commenced operations.

By fully capturing the opportunities from cement business restructuring and industry reorganisation promoted by the PRC government, the Company accelerated the acquisition and consolidation of cement production capacities in the Beijing-Bohai Gulf Region, and established strategic cooperation with other companies including China Haohua. As at the end of 2009, the cement production capacity of the Company reached 16.33 million tonnes and is expected to expand to approximately 40 million tonnes in 2010, which resulted in the enhancement of the Group's control over the regional cement market.

The acquisition and consolidation proposals passed at the first extraordinary general meeting of the Company held on 30 March 2010 are set forth below:

Unit: 10,000 tonnes

Cement segment	Region	Shareholding	Annual capacity	Interested annual capacity	Limestone reserve	Notes
Tianjin Zhenxing Cement Co., Ltd	Tianjin	60.64%	180	109	–	
Zhangjiakou Jinyu Cement Co., Ltd	Zhangjiakou, Hebei Province	90%	110	99	2,700	
Quyang Jinyu Cement Co., Ltd ("Quyang Cement")	Quyang, Hebei Province	90%	200	180	7,000	Under construction, to commence operation in April 2010
Zhuolu Yongxing Cement Co., Ltd ("Yongxing Cement")	Zhuolu, Hebei Province	100%	200	200	8,000	Under construction, to commence operation in June 2010
Production line of Pinggu No. 2 Cement Plant	Pinggu, Beijing	100%	100	100	–	
Total			790	688	17,700	

(2) *Stepping up our strategic resources reserve to secure sustainable development of our cement operation*

As at the end of 2009, the limestone reserve under the Company's effective control reached 550 million tonnes, with an additional reserve of 177 million tonnes through acquisition and consolidation as approved. As at 31 March 2010, limestone reserve of the Company totalled 727 million tonnes. Moreover, it will be further expanded to around 1 billion tonnes by the end of 2010 through consolidating strategic resources by all other means. The strategic resource reserve has laid a solid foundation for growth and sustainable development of the Company's cement operations.

(3) *Sharpening the pre-emptive edges of the Company in the development of circular economy and realizing an innovative and profitable business mode in the cement industry*

The Company took great efforts in developing businesses of circular economy and low-carbon economy. The extensive usage of residual heat power generation technology in cement production line and commencement of kiln treatment of urban and industrial wastes and domestic sludge and garbage strengthened the Company's "energy conservative, environmentally friendly with high added value" new business mode for cement, which improved profitability significantly.

In 2009, the installed capacity for the Company's residual heat power generators reached 49.5MW, with a total annual power generation of 268 million KWh and cost saving of nearly RMB70 million. Based on such, the Group successfully conducted its first carbon emission reduction international trade with an initial income of RMB3.15 million.

Admirable social and economic results were achieved in kiln treatment of industrial wastes, urban sludge, garbage and fly ash by the Company. In 2009, BBMG Mangrove Environmental Protection Technology Co., Ltd. ("BBMG Mangrove Environmental") treated 160,000 tonnes of industrial wastes and urban sludge, while Beijing Xinbeishui Cement Co., Ltd. ("Xinbeishui") and BBMG Mangrove Environmental in aggregation recorded a net profit of RMB179.8 million by using a cement production line with a capacity of 2 million tonnes, an increase of 66.7% year-on-year. Beijing Liulihe Cement Co., Ltd. ("Liulihe Cement") recorded a net profit of RMB90.1 million by using a cement production line with a capacity of 2 million tonnes, an increase of 43.7% year-on-year. Meanwhile, BBMG Mangrove Environmental is the only corporation in the PRC which obtained "Business License for Treatment of Wastes by Cement Kiln" issued by the Ministry of Environmental Protection of China, laying a secured path for the Company to further promote application of such technology in the cement industry.

(4) *Enhancing internal operation control, lowering the management costs, enhancing profit level*

Leveraging on its expertise, technology and management advantage in the cement industry, the Company improved the cement operation and profitability of acquired cement corporations. Dingxin Cement, a subsidiary of the Company, undergoes scale production, improvement of control of the regional cement market and operation costs reduction. Dingxin Cement has a production capacity of only 5.2 million tonnes, generated revenue of RMB1,509 million for 2009, an increase of 63.8% year-on-year, and net profit of RMB299.3 million, an increase of 390.7% year-on-year. While production capacity increased by 3.2 million tonnes since the Group acquired Dingxin Cement in 2007, net profit surged by nearly 10 times.

(5) *Accelerating our deployment in the downstream cement operation to realize the synergy of business chain*

The Company was the first in the industry to promote business planning for commercial concrete to secure end market of cement through the control over regional concrete production, which extended the profit chain of cement business. During the reporting period, the Company sold commercial concrete amounting to 2.9 million cubic meters, a growth of 0.65 million cubic meters year-on-year; revenue was RMB850 million, an increase of 25% year-on-year; and gross profit margin was 8.1%, a rise of 3.16 percentage points year-on-year.

2. Modern Building Materials Operations

During 2009, the Company's modern building materials segment achieved revenue of RMB2,878.9 million, an increase of 6.6% year-on-year; gross profit amounted to RMB613.6 million, an increase of 20.6% year-on-year; and gross profit margin was 21.3%, an increase of 2.5 percentage points year-on-year.

	2009 *RMB million*	2008 *RMB million*	**Change** %
Revenue			
Modern building materials segment as a whole	**2,878.9**	2,701.7	6.6
– Decorative and fitting materials	**904.0**	990.0	(8.7)
– Insulation materials for energy saving wall body	**307.9**	252.7	21.8
– Refractory materials	**587.0**	460.0	27.6
– Trading and logistics	**1,080.0**	999.0	8.1

	2009	2008	Change
	RMB million	*RMB million*	*%*
Gross profit			
Modern building materials segment			
(Total)	**613.6**	509.0	20.6
– Decorative and fitting materials	**179.0**	185.0	(3.2)
– Insulation materials for energy saving wall body	**69.6**	63.0	10.5
– Refractory materials	**189.0**	123.0	53.7
– Trading and logistics	**176.0**	138.0	27.5
Gross profit margin (%)			
Modern building materials segment			
as a whole	**21.3%**	18.8%	2.5
– Decorative and fitting materials	**19.8%**	18.7%	1.1
– Insulation materials for energy saving wall body	**22.6%**	24.9%	(2.3)
– Refractory materials	**32.2%**	26.7%	5.5
– Trading and logistics	**16.3%**	13.8%	2.5

The Company's modern building materials operations restructured its product mix and market strategy aggressively with a focus on advantageous products. Riding on the economic recovery, the segment maintained an overall business growth.

(1) Accelerating the construction of "Industrial Park" with strong emphasis on the development of modern, green and energy-saving building materials

Major and advantageous projects are being relocated to industrial park under a park-based and industry-clustered development mode, aiming to promote product restructuring and technology upgrade. In 2009, glass wool production line with a capacity of 15,000 tonnes and mineral wool board production line with a capacity of 25 million cubic meters were completed and commenced operation in Dachang Industrial Park.

(2) Seizing market opportunities with strong emphasis on key construction projects

An integrated sales mode for building materials was established to provide general ancillary support to large projects and boost sales. In 2009, the Company won the tenders for National Museum of China, Jingbao Tunnel, China National Convention Center, Beijing subway stations and Tianjin Gate and Tianjin Tower etc.

3. Property Development Operations

During 2009, the Company's property development segment achieved a revenue of RMB3,571.9 million, an increase of 81.5% year-on-year; gross profit totalled RMB1,188.0 million, an increase of 78.9% year-on-year; and gross profit margin was 33.3%, a decrease of 0.4 percentage point year-on-year, and achieved a revenue cash inflow of RMB5,577.0 million.

(1) Speeding up sales for projects under construction in order to quickly recover capital

In 2009, booked GFA of real estate projects of the Company was 474,000 sq.m., a growth of 229,000 sq.m. year-on-year. In particular, booked GFA of commodity housing was 361,000 sq.m., an increase of 160,000 sq.m. year-on-year; and booked GFA of economically affordable housing was 113,000 sq.m., an increase of 69,000 sq.m. year-on-year. In addition, BBMG Vanke, a jointly-controlled entity of the Company, contributed booked GFA of 169,000 sq.m. during the year which contributed an income of approximately RMB52 million to the Company based on its equity ratio.

(2) Increasing land reserve in first-tier cities, stringent control on project land cost and improving product profitability

Based on its circumventing-cycle business strategy and strongholds across first-tier cities, the Company built up remarkable land reserve. Newly acquired land reserve from 2009 to early 2010 reached 1,798,000 sq.m., with an average accommodation value merely at RMB3,459 per sq.m.. Moreover, additional land reserve of 965,000 sq.m. was acquired by way of acquisition of Beijing Dacheng Development Group Co., Ltd. ("Dacheng Development"), as considered and approved by the extraordinary general meeting of the Company held on 30 March 2010. As at 31 December 2009, the Company's land reserve reached 3,970,000 sq.m.. As at the end of March 2010, the Company had land reserve of approximately 5,590,000 sq.m. (including held and not commenced: 3,180,000 sq.m.).

Newly acquired land reserve from 2009 to early 2010

No.	Project	Location	Date of acquisition	Interest	Gross planning area *(sq.m.)*	Land premium *(RMB'0,000)*	Average GFA price *(RMB per sq.m.)*
1	Tuqiao phase 1	Beijing	25 May 2009	100%	339,753	55,925	1,646
2	Tuqiao phase 2	Beijing	12 June 2009	100%	342,441	56,002	1,635
3	Daxing Huangcun Commercial and Financial project	Beijing	27 April 2009	100%	116,465	15,360	1,319
4	West region of Dongshahe (west coast)	Beijing	25 June 2009	100%	101,430	31,312	3,087
5	Hangzhou Guanlan Times 1, Lot R-03	Hangzhou	3 December 2009	100%	126,350	72,100	5,706
6	Hangzhou Guanlan Times 1, Lot R-04	Hangzhou	3 December 2009	100%	62,930	35,123	5,581
7	Xisanqi project	Beijing	30 December 2009	100%	49,737	68,180	13,708
8	Tianjin Zhangguizhuang 1	Tianjin	11 January 2010	100%	367,815	136,990	3,724
9	Tianjin Zhangguizhuang 2	Tianjin	23 March 2010	100%	200,000	81,000	4,050
10	West coast of Dongshahe Jieshan phase 2	Beijing	5 March 2010	100%	91,379	70,040	7,665
	Total				1,798,300	622,032	3,459

4. Property Investment and Management Operations

In 2009, the Company's property investment and management segment continued to maintain a high occupancy rate and profit level, achieving a revenue of RMB699.6 million, an increase of 11.0% year-on-year; gross profit totalled RMB463.5 million, an increase of 11.4% year-on-year; and gross profit margin was 66.3%, an increase of 0.3 percentage point year-on-year.

(1) *Increasing high-end investment property areas and steady improvement of valuation amounts*

In 2009, there was an additional property area of 65,000 sq.m. upon the commencement of operation of Phase 3 of the Global Trade Center, bringing the total area of investment properties to 601,000 sq.m.. The total valuation of the properties amounted to RMB8.2 billion, representing a valuation of approximately RMB13,598 per sq.m. on average.

After the passing of the resolution relating to the acquisition of Dacheng Development at the extraordinary general meeting of the Company held on 30 March 2010, the Company has successfully acquired the Office Tower Project of Dacheng International Center. The area of investment properties has increased by 58,000 sq.m.. The office tower of Dacheng International Center is located at the CBD of East Fourth Ring in Beijing, which is a favourable geographical location. The project has a high occupancy rate with promising profit prospect.

(2) *Increasing brand awareness*

The Company's occupancy rate remains high in the region. Property projects held by the Company were awarded the title of "The Most Outstanding Demonstrative Property Buildings of the PRC" (全國優秀物業示範大廈). By offering comprehensive facilities and excellent services, the Company has attracted some international renowned corporations like Intel, Dentsu Inc., Deutsche Telekom AG and FAW-Audi to take occupancy. The enhanced brand awareness has directly contributed to an increase in the occupancy rates and leasing prices of the Company's properties.

Investment properties on lease in 2009

	Location	**Interest**	**Property Gross Area** *(0,000 sq.m.)*	**Fair Value** *(RMB hundred million)*	**Unit Lease** *(RMB per day)*	**Average Occupancy Rate**	**Unit Fair Value** *(RMB per sq.m.)*
Phase 1 of Global Trade Center	North Third Ring, Beijing	100%	10.5	18.11	5.5	92.9%	17,246
Tengda Plaza	West Second Ring, Beijing	100%	7.7	9.94	4.5	94.5%	12,783
Jin Yu Building	West Second Ring, Beijing	100%	3.6	5.59	4.0	96.2%	15,542
Jianda Building and Jiancai Jinmao Building	East Second Ring, Beijing	100%	4.7	8.62	6.3	98.4%	18,250
	Sub-total		**26.5**	**42.26**			
Other properties	Beijing Municipal		33.6	39.69			
	Total		**60.1**	**81.95**			**13,598**

ANALYSIS OF OTHER ITEMS IN INCOME STATEMENT

1. Other Income and Gains

During the reporting period, other income and gains of the Group amounted to RMB604.0 million, an increase of RMB31.4 million year-on-year. The increase was mainly attributable to increased VAT refunds due to higher revenue of Dingxin Cement, Liulihe Cement and Xinbeishui.

2. Net Fair Value Gains on Investment Properties

During the reporting period, the net fair value gains on investment properties of the Group were RMB665.3 million, a decrease of RMB245.6 million year-on-year. The net fair value gains on investment properties were mainly due to an upward revision to fair value of the Company's investment properties by the valuer based on the surging property prices in Beijing open market.

3. Selling and Marketing Expenses, Administrative Expenses and Financing Costs

During the reporting period, there were noticeable drops in the Group's period expense as to percentage in revenue.

	2009	2008	Change
	RMB million	*RMB million*	*RMB million*
Selling and marketing expenses	**451.2**	447.5	3.7
Percentage to revenue	**3.9%**	5.2%	a decrease of 1.3 percentage points
Administrative expenses	**972.1**	890.3	81.8
Percentage to revenue	**8.3%**	10.4%	a decrease of 2.1 percentage points
Finance costs	**209.1**	228.4	(19.3)
Percentage to revenue	**1.8%**	2.7%	a decrease of 0.9 percentage point

(1) In 2009, selling and marketing expenses were RMB447.5 million, an increase of RMB3.7 million year-on-year, represented a slight increase compared with 2008. Through unified sale channels and other methods implemented by the Group, the percentage of selling and marketing expenses to revenue decreased by 1.3 percentage points year-on-year to 3.9%.

(2) In 2009, administrative expenses were RMB890.3 million, an increase of RMB81.8 million year-on-year. This was mainly due to the business expansion of the Group's concrete and cement enterprises. However, after the Group carried out the integration of internal management, the percentage of administrative expenses to revenue decreased by 2.1 percentage points year-on-year to 8.3%.

(3) In 2009, finance costs were RMB228.4 million, a decrease of RMB19.3 million year-on-year. Through unified capital management, centralised borrowing and improvement of corporate credit rating, interest rates for most borrowings were 10% below the base rate. The percentage of finance costs to revenue decreased by 0.9 percentage point year-on-year to 1.8%.

4. Share of Profits and Losses of Jointly-controlled Entities and Associates

In 2009, the share of profits and losses of jointly-controlled entities and associates changed from a loss of RMB34.4 million last year to a profit of RMB65.4 million this year. This was mainly due to the share of a profit of RMB52 million contributed by BBMG Vanke, a jointly-controlled entity of the Company, in this year.

ANALYSIS OF ASSETS AND LIABILITIES

	Comparison of major assets and liabilities items		
	2009	2008	Change
	RMB million	*RMB million*	*%*
Current assets	**17,540.5**	11,025.9	59.1
Current liabilities	**11,074.9**	13,285.9	(16.6)
Net current assets (liabilities)	**6,465.6**	(2,260.1)	N/A
Non-current assets	**17,916.2**	14,366.8	24.7
Non-current liabilities	**7,897.4**	3,932.5	100.8
Total assets	**35,456.7**	25,392.7	39.6
Net assets	**16,484.4**	8,174.3	101.7
Comprising: Equity attributable to owners of the Company	**14,961.5**	7,334.3	104.0
Minority interests	**1,522.9**	840.0	81.3
Debt ratio (%) (total liabilities to total assets)	**53.5**	67.8	(14.3 percentage points)

As at 31 December 2009, the Group's consolidated assets totalled RMB35,456.7 million, an increase of 39.6% from the end of last year. The asset quality was significantly improved; net assets amounted to RMB16,484.4 million, an increase of 101.7% from the end of last year. Asset-liability ratio was 53.5%, a fall of 14.3 percentage points from the beginning of the reporting period.

As at 31 December 2009, the Group's net current assets were RMB6,465.6 million, an increase of RMB8,725.7 million year-on-year.

As at 31 December 2009, the Group's cash and bank balances totalled RMB5,642.4 million, an increase of RMB3,624.7 million year-on-year. As at 31 December 2009, the Group's interest-bearing bank borrowings totalled RMB6,145.1 million. Of these borrowings, approximately RMB2,420.6 million interest bearing bank borrowings were due for repayment within one year, a decrease of approximately RMB2,731.6 million at the beginning of the year. Approximately RMB3,724.5 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB1,851.8 million at the beginning of the year.

During the reporting period, the Company successfully issued the Bonds of RMB1,900 million with a tenure of seven years, a credit rating of 3A and a coupon rate of 4.32%, which is far lower than that of similar financial products in the market. The Company also offered its H shares for listing on the Main Board of the Hong Kong Stock Exchange, raising proceeds of approximately HK$6,846 million. During the reporting period, the Company signed cooperation agreements with various banks to obtain a consolidated credit of RMB45.4 billion with an interest rate of 10% lower than the benchmark interest rate of the bank for the same period. With a substantially improved financial status and capital structure, the Company's business development obtained steady capital support.

FUTURE PROSPECTS AND OUTLOOK

The Company will accelerate the consolidation of regional and strategic resources, enhance the core strengths of the four major industrial segments, namely cement, modern building materials, property development and property investment and management. The Company will continue to constantly enhance the core competitiveness and market competitive advantage through technological innovation and aggressive development of a low-carbon and circular economy. It will seize opportunities arising from some favourable policies introduced by the State for "boosting domestic demand" (拉動內需), "subsidizing the purchase of building materials in rural areas" (建材下鄉) and "encouraging industry restructuring" (鼓勵行業重組) to maintain its continued rapid growth and achieve rapid growth in its overall performance.

1. Prospects for the cement operations

With further improvement of strategic planning in Beijing, Tianjin and Hebei Province, the cement segment will selectively compete and deploy in resource-competitive regions through speeding up the construction and operation commencement of key projects.

(1) Carrying out development cost control and reduction to expand orderly

The Company will expand orderly for the cement business segment while carrying out development cost control and reduction. The 4 projects under construction with a daily production capacity of 5,000 tonnes of cement clinkers, namely Zanhuang Cement, Hebei Taihang Cement Co., Ltd. ("Taihang Cement"), Yongxing Cement and Quyang Cement are proceeding smoothly and are planned to gradually commence operation in 2010. The merger and acquisition and restructuring projects (including Yanzhao Cement) with a total cement production capacity of 8 million tonnes will improve the Company's operation quality and profitability and reinforce the Company as the largest cement manufacturer in Northern China. Leveraging on the rapid growth of additional capacity, the Company will seize critical market opportunities to raise its market coverage and market share.

(2) Possessing rare resources to strengthen strategic foundation

The Company will further capitalize on the foundation role of market resource allocation and further improve the control on the strategic resources in Beijing, Tianjin and Hebei Province and other regions, laying a solid foundation for the sustainable development of its cement business. The planning of the concrete industry will be speeded up simultaneously with the planning for the cement industry to develop the concrete business and enhance the control over the regional cement market and extend the profit chain of the cement industry.

(3) Competing for emerging markets to expand prudently

While strengthening the foundation built on the strategic planning in Beijing, Tianjin and Hebei Province, the Company will seize the deployment of strategic projects including cement production with carbide slag. The Company will select appropriate development projects, grasp the rythmn and extent to prudently expand the radius of "grand cross-shape" strategy (「大十字戰略佈局」) in a seismic manner with Beijing, Tianjin and Hebei Province as the core regions, further improving the Company's influence in and control of large regional markets in cement business.

(4) Devoted to a low-carbon and circular economy and promotion of energy conservation and emission reduction

The Company will quickly participate in the responsibility system of enhancement of energy conservation and emission reduction of the PRC, enhance the construction of key projects related to energy conservation and emission reduction and commence policy measures including low-carbon economy pilot area. The Company will aggressively explore low carbon technological research and development and low carbon economic development route in the cement industry characterized by "low carbon emission, high effectiveness and high efficiency". National environmental protection construction research institute and national environmental protection construction laboratory will be established. The kiln treatment of wastes and sludges and treatment of fly ashes from garbage incineration will be widely promoted to continuously improve the profitability of the cement industry and create a new earning model for the cement industry.

2. Prospects for the modern building materials operations

While speeding up its restructuring, modern building materials segment has to enhance its business concentration on an ongoing basis as to further enhance its core competitiveness and follow closely to the "industrial park-based" development approach.

(1) Speeding up the construction of an "industrial park"

The Company will speed up the construction of an "industrial park" and carry out the clusterization development of the industry through "park-based" production and management to promote technology upgrade of products and enhance the market competitiveness and profit level of products. A new high-grade wood products project and a production base project with an annual production of 50,000 tonnes of high-grade paint at the Dachang Industrial Park is currently under construction and is expected to commence operation in 2010.

(2) Speeding up the adjustment of product mix

The Company will continue to deepen and enhance the resource consolidation as to speed up the product mix adjustment, focusing on the development of competitive industries with an aim to substantially improve the overall market competitiveness and economic efficiency of the business. A number of the Company's key competitive industrial projects like the production lines with an annual output of 25 million sq.m. of mineral wool boards, the production lines with an annual production of 50,000 tonnes of high-grade refractory products and the production lines with an annual production of 150,000 tonnes high-quality refractory raw materials have been or will be put into production soon. It is anticipated these projects will generate considerable income for the Company in the future.

3. Prospects for the property development operations

Property development segment has to follow policy directions closely, continue to deepen the "two structures" (兩個結構) adjustment, laying emphasis on "accelerating cash flow" (好水快流) approach to speed up the sales, enhance the revenue and make substantial progress.

(1) Speeding up the product mix adjustment and project sales

The development ratio of normal commodity housing will be increased with "accelerating cash flow" (好水快流) approach. Construction and sales will be speeded up as to achieve quick capital recovery. The connectivity of built housing with restrictions on house and land prices will be enhanced in order to convert the resources into revenue as soon as possible.

(2) Planning for first-tier cities and reserving sufficient land resources

The Company's property development operations will continue to focus on the planning for first-tier cities including Beijing, Tianjin, Hangzhou and Zhongqin, prudently expand into second- and third-tier cities with large urbanization potential and promising urbanization prospects and maintain appropriate amount of land resources on a reasonable basis. The Company will acquire quality land resources with greater appreciation potential as far as total costs are under control.

(3) Accelerating asset restructuring and expanding business by means of various channels

The Company has recently succeeded in restructuring Beijing Dacheng Development. In the future, the Company will use various opportunities to actively carry out business restructuring for the rapid expansion of the business size of the property operations. In line with business development needs, the Company will also carry out the development on its own suitable land in Beijing on a timely basis, optimize the structure of land reserve resources and improve operational performance. The competitive edge of the Company's core business chain will be fully utilized to aggressively explore development approaches for real estate business.

4. Prospects for the property investment and management operations

While deepening resources consolidation and enhancing investment income, modern services sector has to step up its efforts to resolve the problem of scale efficiency.

(1) *Increasing the amount of the property areas held in core districts and prime locations*

The construction of Phase 4 of the Global Trade Center (hotels and apartments) proceeds smoothly, which will commence operation soon. The Company will increase the amount of property areas held in first-tier cities, core districts and prime locations by various means in line with market conditions.

(2) *Maintaining high brand awareness to enhance occupancy level*

The Company will capitalize on the advantages in high-grade brand in property lease and management by increasing occupancy rates and leasing prices to improve business performance.

USE OF PROCEEDS

The Company raised proceeds of approximately HK$6.85 billion from its public offer. After deducting overseas listing related expenses, the net proceeds available for utilisation were approximately HK$6.55 billion (approximately equal to RMB5.81 billion). As stated in the prospectus of the Company dated 17 July 2009, the Group had plans to use such proceeds obtained. The amount applied to the intended use and the residual amount to be used as at 31 December 2009 were as follows:

Usage	Intended planned use of proceeds	Intended planned use during the period from 29 July 2009 to 31 December 2009	Used during the period from 29 July 2009 to 31 December 2009		Intended planned use of the residual proceeds for the year ended 31 December 2010
	%	*RMB'000*	*RMB'000*	*Notes*	*RMB'000*
Cement segment	37	2,150,000	71,400	*1*	780,000
Modern building materials segment	7	407,000	404,000	*2*	–
Property development segment	31	1,801,000	2,284,000	*3*	685,600
Repayment of bank loans	15	871,000	866,000	*4*	–
Working capital and other general corporate purposes	10	581,000	719,000	*5*	–
Total	100	5,810,000	4,344,400		1,465,600

Notes:

1 Including the acquisition of the minority equity interests of Dingxin Cement and the production line of Pinggu No. 2 Cement Plant Co., Ltd. and the construction of residual heat power generators at Dingxin Cement and Liulihe Cement.

2 The construction of modern building material production infrastructure at the Dachang Industrial Park and the mineral wool acoustic board production line with the largest annual production capacity in Asia at 25 million sq.m. jointly invested with USG ChinaLux S.a.r.l.

3 As set out in the prospectus of the Company dated 17 July 2009, approximately 31% of the proceeds will be used to finance the construction of economically affordable housing. Jinyu Lijingyuan and Chaoyang District Dongliu projects are economically affordable housing and "housing with restrictions on house and land prices" developed by Beijing GEM Property Development Co., Ltd., a subsidiary of the Company.

4 Primarily including repayment of loans to Bank of Communications, Hua Xia Bank and Bank of Beijing.

5 The amount is used to supplement the working capital of the Group, part of which is reserved in Hong Kong dollars for daily payment of overseas expenses.

ACQUISITION OF SUBSIDIARIES

(a) In July 2008, the Group acquired the control over Hebei Taihang Huaxin Building Materials Co., Ltd., which in turn holds a 30% interest in Taihang Cement, and the Group accounted for Taihang Cement as an associate. In December 2009, the Group obtained control over the board of directors of Taihang Cement and therefore, accounted for Taihang Cement as a subsidiary of the Group. Taihang Cement is engaged in the manufacture and sale of cement.

(b) Beijing ALAVUS Building Energy Conservation Product Limited ("ALAVUS") was an associate of the Company and become a subsidiary of the Company after the Company's acquisition of an additional 10% interest of ALAVUS from a third party during the year. ALAVUS is engaged in the manufacturing and sales of building materials. The purchase consideration for the acquisition of RMB 2,800,000 was paid in the form of cash on the acquisition date.

PLEDGE OF ASSETS

(a) As at the end of the reporting period, the following assets of the Group were pledged to certain banks for securing the loans granted to the Group:

	2009	2008
	RMB'000	*RMB'000*
Investment properties	**4,394,600**	2,023,507
Property, plant and equipment	**250,569**	192,570
Land use rights	**44,456**	76,835
Properties under development	**1,756,340**	2,437,173
	6,445,965	4,730,085

(b) As at the end of the reporting period, the following assets of the Group were pledged to certain banks for securing the loans granted to the Parent:

	2009	2008
	RMB'000	*RMB'000*
Investment properties	**–**	941,870
Property, plant and equipment	**–**	3,684
Land use rights	**–**	1,125
	–	946,679

CONTINGENT LIABILITIES

(a) The Group had the following contingent liabilities not provided for as at the end of the reporting period:

	Notes	2009 RMB'000	2008 RMB'000
Guarantees given to banks in respect of mortgage facilities for certain purchasers of the Group's properties	*(i)*	**1,731,931**	748,037
Guarantees given to banks in connection with loans granted to the Parent and its subsidiaries (excluding the Group)	*(ii)*	**–**	15,600
		1,731,931	763,637

Notes:

(i) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged 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 these financial statements for the guarantees.

(ii) The fair value of the guarantees is not significant and the directors of the Company consider the risk of default in payment is remote, and therefore no provision for the guarantees has been made in these financial statements.

(b) 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 (2008: 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) The Group had contingent liabilities in relation to not having proper legal title to certain of its land and 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. Pursuant to an indemnification undertaking, the Parent has agreed to indemnify the Group in respect of any loss or damages relating to the defective title certificate.

CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	2009	2008
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Acquisition of property, plant and equipment	**165,403**	306,396
Construction of properties being developed by the Group for sale	**1,522,822**	1,695,067
Capital contribution to a jointly-controlled entity	**–**	50,801
	1,688,225	2,052,264

EVENTS AFTER THE REPORTING PERIOD

(a) On 17 January 2010, the Company entered into six acquisition agreements (collectively, the "Acquisition Agreements") with the Parent and 北京大成房地產開發有限公司 (Beijing Dacheng Property Development Co., Ltd) ("Dacheng Property"), the wholly owned subsidiary of the Parent.

(i) Pursuant to the Acquisition Agreements, the Company has agreed to acquire 60.64% of the equity interest in 天津振興水泥有限公司 (Tianjin Zhenxing Cement Co., Ltd) and 100% of the equity interest in 上海三明建材有限公司(Shanghai Sanming Building Materials Co., Ltd) from the Parent at a consideration of approximately RMB400 million and RMB14 million, respectively.

(ii) Pursuant to the Acquisition Agreements, the Company has agreed to acquired 90% of the equity interest in 張家口金隅水泥有限公司 (Zhangjiakou Jinyu Cement Co., Ltd.*), 90% of the equity interest in 曲陽金隅水泥有限公司(Quyang Jinyu Cement Co., Ltd.*), 100% of the equity interest in 涿鹿永興水泥有限責任公司(Zhuolu Yongxing Cement Co., Ltd.*) and 100% of the equity interest in 北京大成開發集團有限公司(Beijing Dacheng Development Group Co., Ltd.*) from Dacheng Property at a consideration of approximately RMB271 million, RMB48 million, nil and RMB763 million, respectively.

Details of the above were set out in the Company's announcement dated 17 January 2010.

(b) On 23 February 2010, the Company entered into 3 equity transfer agreements (collectively, the "Equity Transfer Agreements") with Lafarge China Offshore Holding Co. Ltd. ("LCOHC"). Pursuant to the Equity Transfer Agreements, the Company has agreed to acquire 65% equity interest in 北京興發水泥有限公司 (Beijing Chinefarge Cement Co., Ltd.*), 70% equity interest in 北京順發拉法基水泥有限公司 (Beijing Shunfa Lafarge Cement Co., Ltd.*) and 76.722% equity interest in 北京易成－拉法基混凝土有限公司 (Beijing Yicheng Lafarge Concrete Co., Ltd.*) from LCOHC at a total consideration of approximately RMB 506.7 million.

The Equity Transfer Agreements are subject to the approval of the minority shareholders of the relevant target companies and the PRC regulatory authorities. Details were set out in the Company's announcement dated 23 February 2010.

EMPLOYEES

As at 31 December 2009, the Group had 18,759 employees in total (as at 31 December 2008: 17,869). 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, terms of service and work performance, and reviews these salaries and benefits on a regular basis.

FOREIGN EXCHANGE RISK MANAGEMENT

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

CORPORATE GOVERNANCE CODE

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate administration. The Board continuously observes the principles of good corporate governance in the interests of shareholders and devotes considerable effort identifying and formalizing best practice. The Company has adopted the code provisions contained in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules (the "CG Code"). The Company has complied with the CG Code since 29 July 2009, being the listing date of H Shares of the Company on the Main Board of the Hong Kong Stock Exchange.

The balance of power and authorities is ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. The Board currently comprises six executive Directors, one non-executive Director and four independent non-executive Directors. It has a strong independence element in its composition.

MODEL CODE

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code from the Listing Date to 31 December 2009.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the CG Code, aiming 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 a meeting convened on 16 April 2010, the Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 2009. The Audit Committee has considered and recommended the Board to adopt the Group's financial statements for the year 2009.

Members of the Audit Committee are Mr Zhang Chengfu (independent non-executive Director), Mr Hu Zhaoguang (independent non-executive Director), Mr Xu Yongmo (independent non-executive Director), Mr Zhou Yuxian (non-executive Director) and Mr Yip Wai Ming (independent non-executive Director). Mr Zhang Chengfu is the chairman of the Audit Committee.

REMUNERATION AND NOMINATION COMMITTEE

The Company has established a Remuneration and Nomination Committee with written terms of reference. The primary duties of the Remuneration and Nomination Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, review the performance-based remuneration, ensure that no Director is involved in determining his own remuneration and nominate candidates to fill up any vacancy of the Board. The Remuneration and Nomination Committee consists of five members, namely Mr Jiang Weiping (executive Director), Mr Shi Xijun (executive Director), Mr. Hu Zhaoguang (independent non-executive Director), Mr Xu Yongmo (independent non-excutive Director) and Mr Zhang Chengfu (independent non-executive Director). Mr Jiang Weiping is the chairman of the Remuneration and Nomination Committee.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.bbmg.com.cn). The annual report for the year ended 31 December 2009 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders and will be available for review on the same websites in due course.

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

From the date of listing of the H shares of the Company on 29 July 2009 to 31 December 2009, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

DIVIDEND

The Board recommended a final dividend of RMB0.07 per share for the year ended 31 December 2009, subject to approval by the shareholders at the annual general meeting to be held on 29 June 2010 (Tuesday).

Upon approval, the final dividends will be paid to the holders of H shares whose names appear in the H share register of members of the Company on 29 June 2010 (Tuesday). According to the Law on Enterprise Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company. Any H shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations shall be deemed as shares held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from 31 May 2010 (Monday) to 29 June 2010 (Tuesday), both days inclusive, for the purpose of determining entitlements of the shareholders to the proposed final dividend and the right to attend and vote at the forthcoming annual general meeting. In order to qualify for the final dividend (if any) and the right to attend and vote at the forthcoming annual general meeting of the Company to be held on 29 June 2010 (Tuesday), all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and the Company's Domestic Share Registrar, China Securities Depository and Clearing Corporation Limited, at 22nd Floor, Investment Plaza, No. 27 Beijing Financial Street, Xicheng District, Beijing 100032, the People's Republic of China, respectively, not later than 4:30 p.m. on 28 May 2010 (Friday).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 29 June 2010 (Tuesday). Notice of the annual general meeting will be issued and dispatched to shareholders in due course.

By order of the Board
BBMG Corporation*
Jiang Weiping
Chairman

Beijing, the PRC
16 April 2010

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

* *for identification purposes only*