北京金隅股份有限公司
BBMG Corporation*

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

(Stock Code: 2009)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

- Revenue of RMB12,586.5 million, increased by 42.2% from the interim period of 2010
- Gross profit of RMB3,473.9 million, increased by 75.0% from the interim period of 2010
- Net profit of RMB1,701.0 million, increased by 45.2% from the interim period of 2010
- Net profit attributable to owners of the Company of RMB1,635.8 million, increased by 54.1% from the interim period of 2010
- Basic earnings per share attributable to owners of the Company was RMB0.39

The board of directors (the "**Board**") of BBMG Corporation (the "**Company**") is pleased to announce the unaudited interim financial results and financial position of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2011 together with the comparative figures for the corresponding period of 2010 (restated), prepared in accordance with the accounting principles generally accepted in Hong Kong. These interim financial results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

RESULTS OF OPERATIONS

For the six months ended 30 June 2011, the Group achieved a profit for the period attributable to owners of the Company of approximately RMB1,635.8 million, representing an increase of approximately 54.1% over the corresponding period last year; earnings per share was approximately RMB0.39 (six months ended 30 June 2010: RMB0.27 (restated)), representing an increase of RMB0.12 over the corresponding period last year; net assets value was approximately RMB19,577.2 million at the end of the period under review, representing an increase of approximately RMB629.7 million at the beginning of the period; and net assets value per share attributable to owners of the Company as at 30 June 2011 was approximately RMB4.29, representing a decrease of approximately RMB0.12 at the beginning of the period.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2011

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited and restated)
	Notes	***RMB'000***	*RMB'000*
REVENUE	4	**12,586,508**	8,852,567
Cost of sales		**(9,112,654)**	(6,867,006)
Gross profit		**3,473,854**	1,985,561
Other income and gains	4	**511,481**	670,606
Fair value gains on investment properties, net		**419,840**	427,772
Selling and marketing expenses		**(471,472)**	(339,992)
Administrative expenses		**(925,037)**	(741,285)
Other expenses		**(127,423)**	(79,702)
Finance costs	6	**(349,162)**	(175,405)
Share of profits and losses of:			
Jointly-controlled entities		**1,207**	(15,483)
Associates		**(1,886)**	(53)
PROFIT BEFORE TAX	5	**2,531,402**	1,732,019
Income tax expense	7	**(830,388)**	(560,195)
PROFIT FOR THE PERIOD		**1,701,014**	1,171,824
Attributable to:			
Owners of the Company		**1,635,824**	1,061,734
Non-controlling interests		**65,190**	110,090
		1,701,014	1,171,824
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	9	**RMB0.39**	RMB0.27

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited and restated)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**1,701,014**	1,171,824
Net loss on available-for-sale investments:		
Changes in fair value	**(17)**	(1,582)
Income tax effect	**4**	396
	(13)	(1,186)
Gains on property revaluation	**–**	95,765
Income tax effect	**–**	(23,941)
	–	71,824
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(13)**	70,638
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,701,001**	1,242,462
Attributable to:		
Owners of the Company	**1,635,811**	1,132,372
Non-controlling interests	**65,190**	110,090
	1,701,001	1,242,462

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2011

	Notes	30 June 2011 (Unaudited) *RMB'000*	31 December 2010 (Unaudited and restated) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**14,773,753**	13,998,125
Investment properties		**11,067,571**	10,592,900
Land use rights		**2,675,117**	2,609,185
Goodwill		**313,559**	313,559
Other intangible assets		**42,714**	36,316
Mining rights		**422,757**	181,990
Prepayments		**35,736**	35,070
Interests in jointly-controlled entities		**190,189**	221,559
Interests in associates		**310,566**	312,645
Available-for-sale investments		**11,527**	21,351
Deferred tax assets		**515,806**	466,080
Total non-current assets		**30,359,295**	28,788,780
CURRENT ASSETS			
Inventories		**23,218,515**	20,994,435
Trade and bills receivables	*10*	**4,794,957**	3,253,521
Prepayments, deposits and other receivables		**3,805,459**	3,734,390
Tax recoverable		**96,787**	70,669
Restricted cash		**1,015,182**	256,531
Cash and cash equivalents		**4,968,688**	5,030,592
Total current assets		**37,899,588**	33,340,138
CURRENT LIABILITIES			
Trade and bills payables	*11*	**4,683,883**	4,419,258
Other payables and accruals		**13,926,782**	12,785,448
Dividend payable		**311,900**	8,213
Interest-bearing bank loans		**11,960,505**	9,328,818
Taxes payable		**1,320,445**	1,258,099
Provision for supplementary pension subsidies and early retirement benefits		**42,684**	42,649
Total current liabilities		**32,246,199**	27,842,485

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
30 June 2011

	Notes	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Unaudited and restated) RMB'000
NET CURRENT ASSETS		**5,653,389**	5,497,653
TOTAL ASSETS LESS CURRENT LIABILITIES		**36,012,684**	34,286,433
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**8,472,645**	7,570,445
Corporate bonds		**4,688,702**	4,684,792
Deferred tax liabilities		**1,942,535**	1,724,638
Provision for supplementary pension subsidies and early retirement benefits		**533,654**	540,533
Deferred income		**657,677**	678,251
Other non-current liabilities		**140,292**	140,292
Total non-current liabilities		**16,435,505**	15,338,951
Net assets		**19,577,179**	18,947,482
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**4,283,737**	3,873,333
Reserves		**14,089,092**	12,892,521
Proposed final dividend		**–**	299,862
		18,372,829	17,065,716
Non-controlling interests		**1,204,350**	1,881,766
Total equity		**19,577,179**	18,947,482

Notes:

1. CORPORATE INFORMATION

BBMG Corporation 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 Company and its subsidiaries are 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. Pursuant to the A share issue and the merger proposal announced by the Company on 6 July 2010 and approved by the shareholders of the Company on 14 September 2010, the A shares of the Company were listed on the Shanghai Stock Exchange on 1 March 2011. In the opinion of the directors of the Company (the "**Directors**"), 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2011 are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2010, except for in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) that are adopted for the first time for the current period's financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs (2010)	Amendments to a number of HKFRSs issued in May 2010

Other than as further described below, the adoption of the new and revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements.

Improvements to HKFRSs (2010) allows a first-time adopter of HKFRSs to use an event-driven fair value as deemed cost of its certain assets, even if the event occurs after the date of transition, but before the first HKFRS financial statements are issued. Entities that adopted HKFRSs in previous periods are permitted to apply this amendment retrospectively in the first annual period after the amendment is effective. With effect from 1 January 2011, the Group has applied this amendment retrospectively, and the revalued amount of the items of property, plant and equipment and completed properties held for sale, which are revalued at the date of the incorporation of the Company in 2005, has been recognised as their deemed cost in the interim condensed consolidated financial statements. These items of property, plants and equipment and completed properties held for sale were previously carried at historical cost. The above change in accounting policy was made with a view to aligning the accounting policies adopted in the financial statements of the Group prepared under HKFRSs and the Chinese Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC.

By retrospective applying this amendment, the balances of property, plant and equipment and completed properties held for sale as at 31 December 2010 are restated to reflect the revalued amount and any subsequent effect of depreciation and amortization with an increase in their carry amount and net assets of the Group as at 31 December 2010 of RMB67,164,000. The effect on the consolidated income statement for the current period was to increase costs and expenses of approximately RMB2,635,000 (six months ended 30 June 2010: RMB3,432,000).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources 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, 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 period.

For the six months ended 30 June 2011

	Cement (Unaudited) *RMB'000*	**Modern building materials (Unaudited)** *RMB'000*	**Property development (Unaudited)** *RMB'000*	**Property investment and management (Unaudited)** *RMB'000*	**Total (Unaudited)** *RMB'000*
Segment revenue:					
External customers	**6,128,889**	**2,283,727**	**3,508,187**	**665,705**	**12,586,508**
Intersegment	**13,507**	**191,426**	**201,706**	**12,631**	**419,270**
Total revenue	**6,142,396**	**2,475,153**	**3,709,893**	**678,336**	**13,005,778**
Reconciliation:					
Elimination of intersegment sales					**(419,270)**
Revenue					**12,586,508**
Segment results	**1,228,615**	**137,797**	**1,100,591**	**611,823**	**3,078,826**
Reconciliation:					
Elimination of intersegment results					**(131,965)**
Interest income					**22,162**
Corporate and unallocated expenses, net					**(88,459)**
Finance costs					**(349,162)**
Profit before tax					**2,531,402**

For the six months ended 30 June 2010

	Cement (Unaudited and restated) *RMB'000*	Modern building materials (Unaudited and restated) *RMB'000*	Property development (Unaudited and restated) *RMB'000*	Property investment and management (Unaudited and restated) *RMB'000*	Total (Unaudited and restated) *RMB'000*
Segment revenue:					
External customers	4,152,523	1,893,960	2,288,519	517,565	8,852,567
Intersegment	3,154	74,670	–	8,818	86,642
Total revenue	4,155,677	1,968,630	2,288,519	526,383	8,939,209
Reconciliation:					
Elimination of intersegment sales					(86,642)
Revenue					8,852,567
Segment results	634,000	107,815	557,918	617,987	1,917,720
Reconciliation:					
Elimination of intersegment results					–
Interest income					24,127
Corporate and unallocated expenses, net					(34,423)
Finance costs					(175,405)
Profit before tax					1,732,019

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

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited and restated)
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**7,871,109**	5,485,657
Sale of properties	**3,519,195**	2,269,947
Gross rental income from investment properties	**310,284**	223,738
Property management fees	**198,892**	155,786
Rendering of services	**368,911**	395,764
Income from processing industrial waste	**106,076**	93,346
Hotel operations	**120,552**	98,248
Others	**91,489**	130,081
	12,586,508	8,852,567
Other income and gains		
Gross rental income from lease of plant and machinery	**96,321**	77,298
Gain on disposal of items of property, plant and equipment	**7,047**	23,774
Gain on disposal of investment properties	**–**	91,026
Gain on disposal of a jointly-controlled entity	**–**	44,038
Bank interest income	**22,162**	24,127
Interest income received from a jointly-controlled entity	**1,295**	67
Relocation compensation	**2,055**	13,549
Government grants		
– Release of deferred income	**28,926**	18,515
– Value-added tax refund	**251,388**	272,964
Service fee income	**26,025**	25,311
Others	**76,262**	79,937
	511,481	670,606

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited and restated)
	RMB'000	*RMB'000*
Cost of inventories sold	**8,170,669**	6,057,065
Cost of services provided	**941,985**	809,941
Depreciation	**483,555**	363,917
Amortisation of land use rights	**31,314**	23,337
Amortisation of other intangible assets	**2,010**	1,411
Amortisation of mining rights	**6,165**	3,976
Impairment of trade receivables, net	**17,400**	31,578
Gain on disposal of items of property, plant and equipment, net	**(4,704)**	(9,088)

6. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited and restated)
	RMB'000	*RMB'000*
Interest on bank loans	**409,946**	285,433
Interest on corporate bonds	**120,550**	44,165
Less: Interest capitalised	**(181,334)**	(154,193)
	349,162	175,405

7. INCOME TAX

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited and restated)
	RMB'000	*RMB'000*
Current		
PRC corporate income tax	**541,367**	288,090
PRC land appreciation tax	**203,780**	168,174
	745,147	456,264
Deferred	**85,241**	103,931
Total tax charge for the period	**830,388**	560,195

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2010: 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 period, based on the existing legislation, interpretations and practices in respect thereof.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures according to the relevant tax regulations.

8. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited and restated)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**1,635,824**	1,061,734
Shares	**Number of Shares**	
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**4,149,215,565**	3,873,332,500

No adjustment has been made to the basic earnings per share amounts presented for the six months period ended 30 June 2011 and 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. TRADE AND BILLS RECEIVABLES

	30 June 2011 (Unaudited) *RMB'000*	31 December 2010 (Unaudited and restated) *RMB'000*
Trade receivables	**4,395,430**	2,991,832
Bills receivable	**785,936**	627,001
Less: Impairment	**(386,409)**	(365,312)
	4,794,957	3,253,521

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, based on the invoice date and net of impairment, is as follows:

	30 June 2011 (Unaudited) *RMB'000*	31 December 2010 (Unaudited and restated) *RMB'000*
Within 6 months	**2,871,244**	1,599,211
7 to 12 months	**831,017**	731,615
1 to 2 years	**250,331**	219,044
2 to 3 years	**22,450**	30,373
Over 3 years	**33,979**	46,277
	4,009,021	2,626,520

11. TRADE AND BILLS PAYABLES

	30 June 2011 (Unaudited)	31 December 2010 (Unaudited and restated)
	RMB'000	*RMB'000*
Trade payables	**4,503,407**	4,094,175
Bills payable	**180,476**	325,083
	4,683,883	4,419,258

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 is as follows:

	30 June 2011 (Unaudited)	31 December 2010 (Unaudited and restated)
	RMB'000	*RMB'000*
Within 3 months	**1,463,683**	2,146,321
4 to 6 months	**1,506,493**	490,539
7 to 12 months	**442,869**	577,635
1 to 2 years	**909,247**	661,450
2 to 3 years	**54,874**	105,164
Over 3 years	**126,241**	113,066
	4,503,407	4,094,175

12. ISSUED CAPITAL

	30 June 2011 (Unaudited) *RMB'000*	31 December 2010 (Audited) *RMB'000*
Registered, issued and fully paid:		
Unlisted domestic and foreign shares of RMB1.00 each	**–**	2,703,950
H shares of RMB1.00 each	**1,169,383**	1,169,383
A shares of RMB1.00 each *(note)*	**3,114,354**	–
	4,283,737	3,873,333

A summary of the transactions during the period is as follows:

	Number of shares in issue *'000*	**Issued capital** *RMB'000*	**Share premium account** *RMB'000*	**Total** *RMB'000*
At 1 January 2011	3,873,333	3,873,333	7,074,287	10,947,620
Issue of A shares *(note)*	410,404	410,404	3,225,072	3,635,476
At 30 June 2011	4,283,737	4,283,737	10,299,359	14,583,096

Note:

For the purpose of merging Hebei Taihang Cement Co., Ltd. ("Taihang Cement") with the Group, the Company issued 410,404,560 A shares ("A Shares") at RMB9 per A Share of the Company in exchange for shares of Taihang Cement held by non-controlling shareholders of Taihang Cement at an exchange ratio of 1.2 A Shares for 1 Taihang Cement share. The shares of Taihang Cement were delisted from the Shanghai Stock Exchange on 18 February 2011 and the A Shares of the Company are listed on the Shanghai Stock Exchange on 1 March 2011. In connection with the issuance of the A Shares by the Company, the existing 2,365,470,065 domestic shares and 338,480,000 unlisted foreign shares of the Company were converted into the A Shares and traded at the Shanghai Stock Exchange on the same conditions in all respects as those of the A Shares issued in exchange for Taihang Cement shares, save for the statutory lock-up restrictions. The A Shares held by the Parent of 1,844,852,426 shares are subject to a lock-up period of 36 months and the A Shares converted from the other domestic shares and unlisted foreign shares of 950,302,199 shares are subject to a lock-up period of 12 months.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I am pleased to present to you the interim results of the Group for the six months ended 30 June 2011, and the satisfactory performance of the Group during the said period for your review.

Interim Results

During the reporting period, the Group's unaudited revenue under HKFRSs amounted to approximately RMB12,586.5 million, an increase of approximately 42.2% as compared with the same period of 2010; the profit attributable to the owners of the Company was approximately RMB1,635.8 million, an increase of approximately 54.1% as compared with the same period of 2010; and the earnings per share attributable to the owners of the Company were approximately RMB0.39.

Confronted with the challenging, complex and uneven economic landscapes at home and abroad, the Board capitalized on the development opportunities, defined its development direction, formulated the development strategies in a scientific manner and refined the development mode by leveraging on the Group's strengths in strategic planning, industrial chain, management integration, technology and branding according to favourable regulatory policies of the industry. The Group also aggressively expanded its target markets, strengthened its regional resource integration and internal resource adjustment, and enhanced its management standards and operating efficiency in a bid to maintain a steady, fast and healthy development in its business performance and a solid growth in its core businesses.

Business Environment

In the first half of 2011, against the backdrops of the complex and uneven economic landscapes of the global economy and the new complications and problems arising in the domestic economic operation, the PRC government was committed to consistently implementing a proactive fiscal policy and a prudent monetary policy and continuously tightening and improving its macro-control over the economy. The overall operation of the economy posted a steady growth and embarked on a path towards the anticipated direction of macro-control. The GDP of China for the first half of 2011 amounted to RMB20,445.9 billion, recorded a healthy growth of 9.6% as compared with the same period of 2010.

Industry Development

In the first half of 2011, the overall operation and performance of the cement industry nationwide posted a steady growth. The aggregate production volume of cement for sizable enterprises amounted to 950 million tonnes, representing a year-on-year increase of 19.57%. The profitability of the industry has been substantially improved and various indicators of the industry have beaten the expectation. During the first half of 2011, investments in the cement industry experienced a negative growth under the influence of the industry consolidation and streamlining policy; thus limiting new cement production capacity to a great extent in the future. As the PRC government is determined to promote energy savings and emissions reduction, encourage mergers and restructuring of enterprises and eliminate obsolete production capacity, the cement industry will be further optimized, while the supply and demand mechanism will continue to shift.

In the first half of 2011, investment in property nationwide surged by 32.9% to RMB2,625 billion as compared with the same period of 2010. The construction project for 10 million units of affordable housing in the PRC has been progressing in full swing. Over 5 million units of affordable housing have commenced construction in the first half of 2011 and it is expected that all of the 10 million units of affordable housing will have commenced construction by the end of November 2011. A parallel development pattern for both ordinary housing and affordable housing is gradually taking shape in the property market. Through stepping up efforts in the construction of affordable housing and curbing irrational demand for housing, the government is able to control and facilitate a healthy development of the property market.

Prospects

In the second half of 2011, the Group will capitalize on the opportunities arising from the policy adjustments promulgated by the PRC government on its macro policies to cope with the changes in both domestic and international economic landscapes, continue to strengthen its competitiveness in the regional markets, and step up its industrial planning, so as to realize the synergy of its business chain and drive the Group into a rapid and steady development.

With respect to the cement and ready-mixed concrete segment: in response to the industrial policy of the PRC government which imposes strict control over new cement production capacity with a determination to eliminate obsolete production capacity, the Company will seize the opportunity to further reinforce and expand its "grand cross-shape" strategic layout (「大十字」戰略佈局) in the "Beijing, Tianjin and Hebei" region as well as to adhere to a development path characterized by organic growth. The Company will increase the industrial concentration of cement and commercial concrete, as well as raise its competitiveness and strengthen its dominance in the regional markets. By pushing forward the transformation of cement enterprise into urban environmental friendly enterprise, renovating technologies for conserving energy and reducing emission of the clinker production lines, promoting an operating model based on circular economy, developing pure low-temperature and waste heat generation, promoting the application of the technology for the disposal of urban garbage in cement kilns, the Company will enhance its capability in urban solid waste management, expand profitability of the cement segment and strengthen its ability for sustainable development.

With respect to the modern building materials segment: the Company will further explore new directions and make breakthroughs in industrial development so as to speed up the improvement in its economic operational quality and profitability. The Company will expedite the construction of the "Industrial Park" and the commencement of the production lines thereof to facilitate an effective industry-clustered development. The Company will step up its efforts in the construction of an industrial platform, coordinate manufacturing and trade flow logistics business service in an effective manner, reinforce strategic collaboration and expand its advantage in products support to achieve a synchronized increase in efficiency and scale.

With respect to the property development segment: the Company will put more efforts on the research on industry regulatory policies to formulate effective counter measures. Through optimizing its product mix as well as moderately adjusting the regional layout, the Company will raise its professional sales capability to capture the first-mover advantage in the market. Leveraging on its competitive advantages, the Company will actively participate in the planning and construction of economically affordable housing projects promoted by the PRC government as well as accelerate the completion and sales handover of such projects. The Company will accelerate the conversion of self-owned industrial lands and continuously expand its land reserves when opportunities arise to assure sustainable development of the real property segment. The Company will carry forward the industrialization process of the real estate industry in the PRC, realize the synergy among different industrial segments, and make every effort to transform into an international real estate business group.

With respect to the property investment and management segment: the Company will further optimize its internal mechanism, give full play to its brand advantage and expand its profit model. The Company will continue the operations of existing mature commercial property projects and reinforce inter-segments collaboration by maintaining a high occupancy rate and rental level. Great importance will be attached to the commencement of operation of Beijing Jinyu Sheraton Hotel and the service apartment of Global Trade Center, as well as the increase in the total area of investment properties held by the Company; thus establishing a unified operational model incorporating constructions, operations and services for commercial projects of the Group. The Company will raise its operational capability of assets, as well as expedite the regional and professional management of operations so as to continuously restructure its internal resources and utilize its integrated advantages and realize the benefits brought by such integration.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF FINANCIAL INFORMATION

	For the six months ended		
Unit: RMB million	**30 June 2011**	30 June 2010 (Restated)	Change %
Revenue	**12,586.5**	8,852.6	42.2%
Gross profit	**3,473.9**	1,985.6	75.0%
Gross profit margin (%)	**27.6**	22.4	an increase of 5.2 percentage points
Net profit	**1,701.0**	1,171.8	45.2%
Net profit attributable to owners of the Company	**1,635.8**	1,061.7	54.1%
Earnings per share attributable to owners of the Company (RMB)	**0.39**	0.27	44.4%
Total assets	**68,258.9**	62,128.9*	9.9%
Net assets	**19,577.2**	18,947.5*	3.3%

* *As at 31 December 2010 (restated)*

SUMMARY OF BUSINESS INFORMATION

	For the six months ended		
	30 June 2011	30 June 2010 (Restated)	Change %
Cement Segment			
Cement sales volume (in million tonnes)	**17.43**	12.12	43.8%
Concrete sales volume (in million cubic meters)	**3.52**	3.71	-5.1%
Modern Building Materials Segment			
Furniture and decorative materials (in RMB million)	**482.8**	449.4	7.4%
Refractory materials (in RMB million)	**402.6**	381.3	5.6%
Trade and materials (in RMB million)	**1,386.6**	986.0	40.6%
Revenue from energy-saving wall body materials (in RMB million)	**203.2**	151.9	33.8%
Property Development Segment			
Booked GFA (in thousand sq.m.)	**374.0**	337.0	11.0%
GFA under presales contract (in thousand sq.m.)	**373.0**	256.0	45.7%
Property Investment and Management Segment			
Gross GFA of investment property (in thousand sq.m.)	**745.0**	713.0	4.5%

REVIEW OF OVERALL RESULTS

In the first half of 2011, the results of the Company grew rapidly. Revenue increased by 42.2% year-on-year to RMB12,586.5 million; gross profit amounted to RMB3,473.9 million, a year-on-year increase of 75.0%; net profit attributable to owners of the Company increased by 54.1% year-on year to RMB1,635.8 million.

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

- Revenue from cement segment increased by 47.8% year-on-year to RMB6,142.4 million, with gross profit increasing by 95.7% year-on-year to RMB1,460.4 million;

- Revenue from modern building materials segment increased by 25.7% year-on-year to RMB2,475.2 million, with gross profit increasing by 30.7% year-on-year to RMB450.5 million;

- Revenue from property development segment increased by 62.1% year-on-year to RMB3,709.9 million, with gross profit increasing by 114.5% year-on-year to RMB1,285.5 million; and

- Revenue from property investment and management segment increased by 28.9% year-on-year to RMB678.3 million, with gross profit increasing by 34.3% year-on-year to RMB406.1 million.

ANALYSIS OF BUSINESS SEGMENTS

1. Cement Segment

In the first half of 2011, through the enhancement of the unified management model, the Company substantially improved its coordinated operation and strengthened its dominance in regional markets with a great leap in operation results. In the first half of 2011, the aggregated sales volume of cement reached approximately 17.43 million tonnes, an increase of approximately 5.31 million tonnes year-on-year; sales volume of commercial concrete totalled approximately 3.52 million cubic meters, a decrease of 0.19 million cubic meters year-on-year. The cement segment achieved revenue of RMB6,142.4 million, an increase of approximately 47.8% year-on-year; gross profit amounted to approximately RMB1,460.4 million, an increase of approximately 95.7% year-on-year with combined gross profit margin increasing by 5.8 percentage points year-on-year to 23.8%.

The Company continued to strengthen its internal control, reduce its operating cost and increase its profitability by adhering to a development path characterized by organic growth. In the first half of the year, profit from the cement business and commercial concrete business of the Company has greatly improved. The average gross profit margin of cement and clinker amounted to 25.8%, an increase of 6.8 percentage points year-on-year, while the gross profit margin of commercial concrete amounted to 10.5%, an increase of 4.9 percentage points year-on-year. The average gross profit per tonne of cement and clinker reached RMB75/tonne, an increase of RMB20/tonne year-on-year, of which the gross profit per tonne of cement was RMB80/tonne, an increase of RMB19/tonne year-on-year, while the gross profit per tonne of clinker was RMB65/tonne, an increase of RMB33/tonne year-on-year.

The Company also continuously improved and expanded its "grand cross-shape" strategic layout (「大十字」戰略佈局) in the "Beijing, Tianjin and Hebei" region. The centralized release of the Company's new cement production capacity of 10 million tonnes won a remarkable enhancement for the Company in its regional market concentration and market competitiveness. The Company also speeded up its capacity expansion by fully commencing construction of new projects including those owned by Qinyang BBMG Cement Co., Ltd. (沁陽市金隅水泥有限公司), Xuanhua BBMG Cement Co., Ltd. (宣化金隅水泥有限公司) and Zuoquan BBMG Cement Co., Ltd. (左權金隅水泥有限公司), which expected to bring the Company with additional cement production capacity of approximately 3.5 million tonnes.

The Company was committed to adopting a business model emphasizing on emission reduction, energy conservation, clean production and environmental friendliness. Great efforts were also made in forging ahead the transformation of cement enterprises to urban environmental friendly business and advancing the environmental friendly production technologies for energy conservation and emission reduction, such as promotion of pure low-temperature and waste heat generation and the application of the technology for the disposal of urban garbage in cement kilns. In the first half of the year, the Company's cement plants has disposed a total of approximately 80,000 tonnes of drudges while pure low-temperature and waste heat generation has generated more than 300 million kWh of electricity, achieving a harmonious development of benefits to economy, society and ecology.

2. Modern Building Materials Segment

In the first half of 2011, the Company put great efforts in exploring new regional markets for its modern building materials business and recorded a sustainable rapid growth in operating results. In the first half of the year, sales revenue increased by approximately 25.7% year-on-year to approximately RMB2,475.2 million with gross profit increased by approximately 30.7% year-on-year to approximately RMB450.5 million while the consolidated gross profit margin amounted to 18.2%, an increase of 0.7 percentage point year-on-year.

The Company further made full use of the advantages from industry integration and continued to consolidate its four major sub business units including decorative and fitting materials, wall body and insulation materials, refractory materials and trading and logistics. The Company will expedite the construction of the "Industrial Park" to achieve substantial improvement in operation efficiency and market competitiveness. The coating production line which has an annual capacity of 50,000 tonnes in the industrial park in Dachang has been duly put into operation. The refractory materials production line of Yangquan Tongda BBMG Refractory Materials Co., Ltd. (陽泉通達高溫材料有限公司) with a production capacity of 150,000 tonnes has completed construction and commenced operation. The upgrade project for the aerated concrete production line of BBMG Aerated Concrete Co., Ltd. (北京金隅加氣混凝土有限責任公司), with an annual production capacity of 180,000 cubic meters, and the construction of the aerated concrete production line project in the industrial park in Doudian, with a production capacity of 300,000 cubic meters, were completed.

Efforts have also been made to step up the expansion of new regional markets and enhance the construction of marketing channels and strengthen the market dominance in a bid to build an integrated platform for product marketing and display. In the first half of the year, refractory materials recorded total sales of 135,000 tonnes, an increase of 27% year-on-year; the trading business achieved revenue of RMB1.39 billion, an increase of 40.6% year-on-year.

3. Property Development Segment

In the first half of 2011, to respond the property regulatory policy of the PRC government, the Company's property development segment, with the implementation of the operational strategy of the "two structures" (兩個結構) and "accelerating cash flow" (好水快流), accelerated project development and stepped up sales momentum by seizing the market opportunity arising from the Beijing municipal government's policy of intensifying the construction of affordable housing (200,000 units of affordable housing are expected to commence construction in Beijing in 2011), leading to rapid growth in operational results. In the first half of 2011, the Company's property development segment achieved sales revenue of approximately RMB3,709.9 million, an increase of approximately 62.1% year-on-year; gross profit was approximately RMB1,285.5 million, an increase of approximately 114.5% year-on-year; gross profit margin was 34.7%, an increase of 8.5 percentage points year-on-year; booked GFA reached 374,000 sq.m., an increase of 11.0% year-on-year; GFA under presales contract was 373,000 sq.m., an increase of 45.7% year-on-year; contract value amounted to RMB4,944.0 million, an increase of 87.2% year-on-year.

In response to the regulatory policies of the industry, the Company accelerated project development and construction. In the first half of 2011, projects including Tangshan Jinyu Villa (唐山金隅山墅), Tongzhou Jincheng Center (通州金成中心) and Chayuan District Project in Chongqing (重慶茶園項目) commenced their construction, with GFA under construction and completed GFA of 866,000 sq.m. and 194,000 sq.m. respectively.

By grasping the opportunities arising from the new policies of the PRC government, the Company actively promoted the development and occupancy confirmation of affordable housing projects, accelerated the recovery of its capital and effectively curbed market risks. In the first half of 2011, housing occupants were confirmed for the Company's projects such as Chaoyang New City (朝陽新城) and Jinyu Jiaheyuan (金隅嘉和國). The development of the affordable housing project in Yanshan progressed smoothly. In May 2011, the Company obtained the "Beijing Dandian" (北京單店) affordable housing project, with a total planned GFA of 201,200 sq.m.. As at 30 June 2011, the land reserve owned by the Group for the construction of affordable housing in Beijing totalled approximately 1.1 million sq.m..

The Company sharpened its land resource reserves advantages. As at 30 June 2011, the Company's total land reserves reached approximately 6 million sq.m.. In addition, the Company will progressively promote the conversion and development of its self-owned industrial land in Beijing and continuously expand the operational scale and improve the operational results of the property development segment.

4. Property Investment and Management Segment

Giving full play to integrated advantages, the Company witnessed improvement in the operation standard, management expertise and service quality for the first half of 2011, thereby generating a synchronized growth in both operating scale economic benefits. In the first half of 2011, the investment and property management segment achieved sales revenue of approximately RMB678.3 million, an increase of approximately 28.9% year-on-year; gross profit amounted to approximately RMB406.1 million, an increase of approximately 34.3% year-on-year; gross profit margin was 59.9%, an increase of 2.4 percentage points year-on-year.

The area of the Company's investment properties posted a steady growth, presenting a leap forward in operation scale and market competitiveness. As at 30 June 2011, the total gross floor area of the investment properties of the Company increased to 745,000 sq.m.. It is envisaged that these properties will have tremendous potential for appreciation in the future. The 5-star Beijing Jinyu Sheraton Hotel located on the North Third Ring Road in Beijing will soon commence operation, which will enable the Company to further enhance its operation scale and market competitiveness.

Seizing favourable opportunities in the market, the Company enhanced its operating results. During the reporting period, the rents of the Group's high-end projects of office towers surged as compared with the corresponding period last year while rents for new and renewed leases increased by approximately 30% and the occupancy rate remained steady and improved to 92%, which had scaled the heights in the industry.

ANALYSIS OF OTHER ITEMS IN THE CONSOLIDATED INCOME STATEMENT

1. Other income and gains

During the reporting period, other income and gains of the Company amounted to RMB511.5 million, a decrease of RMB159.1 million year-on-year. The decrease was mainly attributable to the decreased revenue from debt restructuring and disposal of assets.

2. Gains or losses arising from changes in the fair value of investment properties

During the reporting period, the gains or losses arising from changes in the fair value of investment properties of the Company were RMB419.8 million, a decrease of RMB8.0 million year-on-year. In the first half of 2011, the valuation of investment properties at major locations such as the Global Trade Center went up as a result of the increase in office building rentals. Meanwhile, the overall amount of valuation decreased due to, among other matters, the disposal of Tongzhou Commercial Center (通州商城).

3. Selling costs, administrative expenses and finance costs

The Company's expenses during the reporting period were RMB1,745.7 million, an increase of RMB489.0 million year-on-year. The percentage of period expenses to revenue decreased by 0.3 percentage point year-on-year to 13.9%:

(1) selling costs were RMB471.5 million, an increase of RMB131.5 million year-on-year. Through unified sales channels and other methods implemented by the Company, the percentage of selling costs to revenue decreased by 0.1 percentage point year-on-year to 3.7%.

(2) administrative expenses were RMB925.0 million, an increase of RMB183.8 million year-on-year. The increase was mainly due to the business expansion which led to the increase in administrative expenses. However, as the Company carried out the integration of internal management, the percentage of administrative expenses to revenue decreased by 1.1 percentage points year-on-year to 7.3%.

(3) finance costs were RMB349.2 million, an increase of RMB173.8 million year-on-year. The percentage of finance costs to revenue increased by 0.8 percentage point year-on-year to 2.8%, which was mainly due to the increase in medium-term notes in issue and bank borrowings, as well as the interest rate hike of banking borrowings by the PRC government.

ANALYSIS OF ASSETS AND LIABILITIES

Comparison of major assets and liabilities items

Unit: RMB million	As at **30 June 2011**	 31 December 2010 (Restated)	Change %
Current assets	**37,899.6**	33,340.1	13.7%
Current liabilities	**32,246.2**	27,842.5	15.8%
Net current assets	**5,653.4**	5,497.6	2.8%
Non-current assets	**30,359.3**	28,788.8	5.5%
Non-current liabilities	**16,435.5**	15,339.0	7.1%
Total assets	**68,258.9**	62,128.9	9.9%
Net assets	**19,577.2**	18,947.5	3.3%
Debt ratio (total liabilities to total assets)	**71.3%**	69.5%	an increase of 1.8 percentage points

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group's consolidated total assets amounted to RMB68,258.9 million, an increase of 9.9% from the beginning of the reporting period which were financed by liabilities of RMB48,681.7 million, non-controlling interests of RMB1,204.4 million and equity of RMB18,372.8 million. The asset quality was significantly improved; net assets amounted to RMB19,577.2 million, an increase of 3.3% from the beginning of the reporting period. As at 30 June 2011, the Group's net current assets were RMB5,653.4 million, a increase of RMB155.8 million from the beginning of the reporting period. Debt ratio (total liabilities to total assets) was 71.3%, an increase of 1.8 percentage points from the beginning of the reporting period.

As at 30 June 2011, the Group's total cash and cash equivalents and restricted cash amounted to RMB5,983.9 million, an increase of RMB696.7 million from the beginning of the reporting period. During the reporting period, the Group generally financed its operations with internally generated resources, corporate bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2011, the Group's interest-bearing bank borrowings amounted to RMB20,433.1 million. Of these borrowings, approximately RMB11,960.5 million interest bearing bank borrowings were due for repayment within one year, an increase of approximately RMB2,631.7 million at the beginning of the period. Approximately RMB8,472.6 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB902.2 million at the beginning of the period.

During the reporting period, the Company signed cooperation agreements with various banks to obtain credit facility. The Company has sufficient capital for its operation.

MATERIAL ACQUISITIONS OF SUBSIDIARIES

(a) On 6 July 2010, the Company and Taihang Cement entered into a merger agreement in respect of the merger of Taihang Cement with the Company (the "**Merger Proposal**") and the Company will issue A shares to the shareholders of Taihang Cement to implement the Merger Proposal (the "**A Share Issue**"). The Board considered that the Merger Proposal is (i) a better mean to implement the undertaking made by the Parent regarding the avoidance of the potential business competition between the Parent and Taihang Cement; (ii) a mean to avoid business competition between the Company and Taihang Cement; (iii) a mean to reduce the continuing connected transaction amounts between the Parent Group and the Group and to consolidate and streamline the cement assets within the Group for the Group's future development; and (iv) a chance for establishing a new financing platform in the A share stock market for the Group in the future. The Merger Proposal was completed on 1 March 2011.

(b) On 12 January 2011, the Company, BBMG Home Furnishing Co., Ltd. (a wholly-owned subsidiary of the Company) and BBMG Property Management Co., Ltd. (a wholly-owned subsidiary of the Company) entered into an amendment agreement with the Parent, Beijing Building Materials Sales Centre (a wholly-owned subsidiary of the Parent) and Beijing Building Materials Group Corporation Industrial & Commerce Development Co. Ltd. (the Parent holds more than 50% of its voting power). Pursuant to which the completion date of the acquisition of 67.5% equity interest in Crane (Beijing) Building Materials Co., Ltd, (the "**Crane Beijing Acquisition**"), 100% equity interest in Beijing Yuandong Jiemie Services Company (the "**Beijing Yuandong Jiemie Acquisition**") and 100% equity interest in BBMG Hongye Ecological Science and Technology Co., Ltd. (the "**BBMG Hongye Acquisition**") from the Parent and its subsidiaries by the Group was extended to on or before 30 May 2011 or such other later date as agreed by the parties. The Crane Beijing Acquisition, the Beijing Yuandong Jiemie Acquisition and the BBMG Hongye Acquisition were completed on 30 May 2011.

CONTINGENT LIABILITIES

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

	30 June 2011 (Unaudited)	31 December 2010 (Unaudited and restated)
	RMB'000	*RMB'000*
Guarantees given to banks in respect of mortgage facilities for certain purchasers of the Group's properties	**3,169,180**	3,398,254

Note:

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 consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made in the interim condensed consolidated financial statements for the guarantees.

EMPLOYEES

As at 30 June 2011, the Group had 30,529 employees in total (as at 31 December 2010: 27,318). The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to the PRC laws and regulations. The Group pays salaries to the employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

FOREIGN EXCHANGE RISK MANAGEMENT

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.

PLEDGE OF ASSETS

As at 30 June 2011, certain of the Group's investment properties, property, plant and equipment, land use rights and properties under development amounting to approximately RMB6,454.0 million (31 December 2010: RMB6,261.4 million (restated)) were pledged to certain banks for securing the loans granted to the Group and accounted for approximately 9.5% of the total assets of the Group (31 December 2010: 10.1% (restated)).

COMMITMENTS FOR MATERIAL INVESTMENTS AND ASSETS

As at 30 June 2011, the Group has a total commitments of approximately RMB3,489.9 million (31 December 2010: RMB5,309.4 million (restated)) in respect of acquisitions of property, plant and equipment, properties being developed for sale and equity and assets acquisitions contracted prior to the end of the reporting period which will be funded by internal resources of the Group and/or bank loans.

TREASURY POLICIES

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

COMPARATIVE AMOUNTS

Due to the change of accounting policy and the business combination under common control during the period, comparative amounts in the interim condensed consolidated financial statements have been restated.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2011, the total issued share capital of the Company was 4,283,737,060 shares, of which 3,114,354,625 were A shares and 1,169,382,435 were H shares and to the best knowledge of the Directors, the records of interest (being 5% or more of the Company's issued share capital) as registered in the register kept by the Company under section 336 of the Securities and Futures Ordinance (the "**SFO**") were as follows:

Long Positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
A Shares	BBMG Group Company Limited	Directly and Beneficially Owned	1,844,852,426	59.24	43.07
A Shares	China National Materials Co., Ltd.	Directly and Beneficially Owned	239,580,000	7.69	5.59
A Shares	Hopeson Holdings Limited	Directly and Beneficially Owned	205,380,000	6.59	4.79
H Shares	JP Morgan Chase & Co.	Directly and Beneficially Owned	117,095,712	10.01	2.73
H Shares	Sloane Robinson LLP	Directly and Beneficially Owned	70,497,000	6.03	1.65

Short positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
A Shares	BBMG Group Company Limited	Directly and Beneficially Owned	92,120,474	2.96	2.15
H Shares	JP Morgan Chase & Co.	Directly and Beneficially Owned	60,248,212	5.15	1.41

Save as disclosed above, as at 30 June 2011, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be recorded in the register required to be kept under section 336 of the SFO.

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

As at 30 June 2011, none of the Directors, supervisors and chief executives of the Company had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 of the laws of Hong Kong), which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

As at 30 June 2011, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Required Standard during the period of six months ended 30 June 2011. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Required Standard during the reporting period.

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

The Group did not sell any securities of the Company, nor did it repurchase or redeem any of the securities of the Company during the six months ended 30 June 2011.

CODE ON CORPORATE GOVERNANCE PRACTICE

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 during the six months ended 30 June 2011.

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.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the CG Code, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of one non-executive director and four independent non-executive directors. At the meeting convened on 29 March 2011, the Audit Committee had reviewed the audited consolidated financial statements for the year ended 31 December 2010. At the meeting convened on 29 August 2011, the Audit Committee had reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2011. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2011 and recommended their adoption by the Board.

As at 30 June 2011, 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 Li Xinhua (non-executive Director) and Mr Yip Wai Ming (independent non-executive Director). Mr Zhang Chengfu is the chairman of the Audit Committee.

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

The electronic version of this announcement will be published on the website of the Hong Kong Stock Exchange (http://www.hkex.com.hk) and on the website of the Company (http://www.bbmg.com.cn). The 2011 interim financial report of the Company for the six months ended 30 June 2011 prepared in accordance with the HKFRSs, which contains the applicable information required under Appendix 16 to the Listing Rules, will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course. The interim results report for the six months ended 30 June 2011 and its abstract prepared in accordance with CASs will be released on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) and the website of the Company (http://www.bbmg.com.cn) around the same time as this interim results announcement.

By order of the Board
BBMG Corporation*
Jiang Weiping
Chairman

Beijing, the PRC, 29 August 2011

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

* *for identification purposes only*