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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

FINANCIAL HIGHLIGHTS

- Operating revenue of RMB14,746.0 million, increased by 12.8% from the interim period of 2011
- Gross profit from principal business of RMB4,221.5 million, increased by 11.1% from the interim period of 2011
- Net profit of RMB1,527.9 million, decreased by 10.2% from the interim period of 2011
- Net profit attributable to shareholders of the parent company of RMB1,387.2 million, decreased by 15.2% from the interim period of 2011
- Basic earnings per share attributable to shareholders of the parent company was RMB0.32

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 2012 (the "**Reporting Period**") together with the comparative figures for the corresponding period of 2011, prepared in accordance with the China Accounting Standards for Business Enterprises. These interim financial results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

* *for identification purposes only*

Pursuant to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" issued by The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") in December 2010 and the related amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements using Mainland accounting standards, and Mainland accounting firms approved by the Ministry of Finance of The People's Republic of China and the China Securities Regulatory Commission are eligible to provide auditing services to these issuers using Mainland auditing standards to satisfy the disclosure requirements of the Hong Kong Stock Exchange. As such, at the annual general meeting 2011 of the Company held on 24 May 2012, the appointment of Ernst & Young Hua Ming as the sole external auditor of the Company for the year ending 31 December 2012 was considered and approved. As such, with effect from 2012, the Company would only adopt Mainland accounting standards, but not Hong Kong accounting standards at the same time, in its preparation of financial statements.

RESULTS OF OPERATIONS

For the six months ended 30 June 2012, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB1,387.2 million, representing a decrease of approximately 15.2% over the corresponding period last year; basic earnings per share was approximately RMB0.32 (six months ended 30 June 2011: RMB0.39), representing a decrease of RMB0.07 over the corresponding period last year; equity attributable to shareholders was approximately RMB23,023.9 million at the end of the Reporting Period, representing an increase of approximately RMB1,308.3 million at the beginning of the period; and net assets value per share attributable to shareholders of the parent company as at 30 June 2012 was approximately RMB4.96, representing an increase of approximately RMB0.26 at the beginning of the period.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

UNAUDITED CONSOLIDATED INCOME STATEMENT

Unit: RMB

	Notes	**For the six months ended 30 June 2012 (Unaudited)**	For the six months ended 30 June 2011 (Unaudited)
Operating revenue	*3*	**14,745,959,135.81**	13,077,653,592.12
Less: Operating costs	*3*	**10,397,377,679.85**	9,209,023,403.16
Business tax and surcharges		**764,353,984.63**	516,706,105.81
Selling expenses		**581,866,026.29**	471,471,783.48
Administrative expenses		**998,193,416.56**	923,092,322.99
Finance costs	*4*	**470,709,511.65**	337,261,247.57
Asset impairment losses		**13,158,150.60**	18,071,461.02
Add: Gains from changes in fair value		**346,744,119.25**	419,839,599.88
Investment loss		**(19,589,256.13)**	(615,759.37)
Including: Losses from investments in associates and jointly controlled entities		**(37,302,368.64)**	(679,175.77)
Operating profit		**1,847,455,229.35**	2,021,251,108.60
Add: Non-operating revenue		**297,910,514.70**	329,716,836.68
Less: Non-operating expenses		**31,689,833.14**	23,346,798.86
Including: Loss on disposal of non-current assets		**11,235,299.81**	2,713,503.23
Total profit		**2,113,675,910.91**	2,327,621,146.42
Less: Income tax expenses	*5*	**585,726,128.30**	626,607,647.98
Net profit		**1,527,949,782.61**	1,701,013,498.44

	Notes	**For the six months ended 30 June 2012 (Unaudited)**	For the six months ended 30 June 2011 (Unaudited)
Including: Net profit of acquirees in business combination under common control prior to the combination		**–**	13,379,132.67
Net profit attributable to the shareholders of the parent company		**1,387,233,578.71**	1,635,823,872.88
Gains/losses of minority interests		**140,716,203.90**	65,189,625.56
Earnings per share	*6*		
Basic earnings per share (RMB/share)		**0.32**	0.39
Diluted earnings per share (RMB/share)		**0.32**	0.39
Other comprehensive gain		**(78,984.71)**	(12,845.23)
Total comprehensive income		**1,527,870,797.90**	1,701,000,653.21
Including:			
Total comprehensive income attributable to the shareholders of the parent company		**1,387,154,594.00**	1,635,811,027.65
Total comprehensive income attributable to minority interests		**140,716,203.90**	65,189,625.56

UNAUDITED CONSOLIDATED BALANCE SHEET

Unit: RMB

	Notes	**30 June 2012 (Unaudited)**	31 December 2011 (Audited)
Assets			
Current Assets			
Cash and banks		**6,998,480,616.73**	7,918,479,363.14
Bills receivable		**762,174,804.79**	1,347,905,318.65
Trade receivable	*8*	**4,701,088,408.43**	3,490,937,470.40
Prepayments		**1,230,147,867.26**	1,397,237,511.97
Interest receivable		**3,922,269.61**	1,858,662.81
Other receivables		**2,086,022,849.54**	2,458,939,025.66
Inventories		**28,750,064,617.88**	27,269,465,788.38
Other current assets		**989,215,784.47**	1,012,675,280.06
Total current assets		**45,521,117,218.71**	44,897,498,421.07
Non-current assets			
Available-for-sale financial assets		**–**	95,138.56
Long-term equity investments		**426,177,979.31**	440,313,672.69
Investment properties		**11,946,000,000.00**	11,599,000,000.00
Fixed assets		**14,713,289,032.36**	14,613,460,813.77
Construction in progress		**1,499,530,979.01**	950,567,721.98
Construction materials		**24,792,481.08**	15,242,793.42
Intangible assets		**3,378,275,295.73**	3,352,071,838.39
Goodwill		**312,051,745.55**	312,051,745.55
Long-term deferred expenditures		**431,433,373.92**	169,908,175.40
Deferred income tax assets		**741,655,999.83**	736,017,669.07
Total non-current assets		**33,473,206,886.79**	32,188,729,568.83
Total assets		**78,994,324,105.50**	77,086,227,989.90

	Notes	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans		**12,405,590,000.00**	11,286,861,222.71
Bills payable		**418,176,519.92**	361,817,226.63
Trade payable	9	**5,654,922,351.15**	5,124,354,120.51
Receipts in advance		**10,700,511,821.68**	11,621,778,319.64
Wages payable		**113,009,320.80**	143,715,522.38
Tax payable		**738,929,538.73**	1,022,224,403.63
Interest payable		**181,886,114.06**	121,856,589.77
Dividends payable		**361,891,666.77**	55,043,247.30
Other payables		**3,469,635,760.09**	3,578,163,312.55
Non-current liabilities due within one year		**5,104,299,049.24**	3,604,124,049.24
Other current liabilities		**2,600,266,381.37**	2,550,516,056.02
Total current liabilities		**41,749,118,523.81**	39,470,454,070.38
Non-current liabilities			
Long-term loans		**6,007,497,451.30**	7,772,597,451.30
Bonds payable		**4,697,186,084.28**	4,687,098,763.98
Long-term payables		**522,743,491.00**	528,129,048.14
Accrued liabilities		**36,382,171.40**	33,029,889.08
Deferred income tax liabilities		**2,335,401,440.29**	2,234,700,987.92
Other non-current liabilities		**622,078,303.84**	644,601,568.27
Total non-current liabilities		**14,221,288,942.11**	15,900,157,708.69
Total liabilities		**55,970,407,465.92**	55,370,611,779.07
Equity attributable to shareholders			
Share capital		**4,283,737,060.00**	4,283,737,060.00
Capital reserve		**5,310,271,285.55**	5,311,872,199.72
Surplus reserve		**340,879,231.86**	340,879,231.86
Retained profits		**11,296,216,462.24**	10,217,411,951.85
Foreign currency translation reserve		**(126,550.74)**	(121,272.28)
Total equity attributable to the shareholders of the parent company		**21,230,977,488.91**	20,153,779,171.15
Minority interests		**1,792,939,150.67**	1,561,837,039.68
Total equity attributable to shareholders		**23,023,916,639.58**	21,715,616,210.83
Total liabilities and equity attributable to shareholders		**78,994,324,105.50**	77,086,227,989.90

Notes:

1. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES**

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises – Basic Standards and 38 specific accounting standards issued by the Ministry of Finance in February 2006 and the guidelines on application, interpretations and other relevant provisions issued subsequently (collectively referred to as "Accounting Standards for Business Enterprises").

The accounting policies adopted in the preparation of these interim financial statements are consistent with those followed in the annual financial statements for the previous year which were prepared in accordance with Accounting Standards for Business Enterprises.

2. **SEGMENTAL REPORT**

Operating segments

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

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

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

(3) the property development segment engages in real estate development;

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit.

The prices for inter-segment transfers are determined with reference to the prices adopted for transactions with third parties at the prevailing market prices and the negotiation between the parties.

For the six months ended 30 June 2012 (Unaudited)

Unit: RMB

	Cement	Modern building materials	Property development	Property investment and management	Unallocated head office assets/ liabilities/overheads	Elimination on consolidation	Total
Revenue from external customer	**5,415,890,060.11**	**2,881,676,483.63**	**5,558,341,764.79**	**890,050,827.28**	**–**	**–**	**14,745,959,135.81**
Inter-segment revenue	**7,238,017.87**	**179,234,698.55**	**–**	**22,774,339.19**	**–**	**(209,247,055.61)**	**–**
	5,423,128,077.98	**3,060,911,182.18**	**5,558,341,764.79**	**912,825,166.47**	**–**	**(209,247,055.61)**	**14,745,959,135.81**
Gain/(loss) on investments in jointly controlled entities and associates	**1,019,442.76**	**(16,569,298.93)**	**–**	**(21,752,512.47)**	**–**	**–**	**(37,302,368.64)**
Asset impairment losses	**10,661,851.45**	**14,967,985.82**	**148,604.09**	**(12,620,290.76)**	**–**	**–**	**13,158,150.60**
Depreciation and amortization	**409,625,260.84**	**52,611,113.04**	**5,989,528.11**	**89,159,905.81**	**–**	**–**	**557,385,807.80**
Total profit	**522,390,350.40**	**183,526,380.12**	**1,303,995,947.11**	**625,872,384.18**	**(326,497,544.12)**	**(195,611,606.78)**	**2,113,675,910.91**
Income tax expense	**131,703,334.51**	**57,301,455.98**	**325,422,329.06**	**114,379,890.70**	**–**	**(43,080,881.95)**	**585,726,128.30**
Total assets	**23,675,475,098.71**	**9,442,626,657.40**	**33,512,314,887.00**	**47,237,594,558.04**	**1,654,857,922.43**	**(36,528,545,018.08)**	**78,994,324,105.50**
Total liabilities	**12,169,827,951.46**	**5,374,129,279.85**	**26,660,792,881.10**	**31,727,812,026.10**	**976,626,777.21**	**(20,938,781,449.80)**	**55,970,407,465.92**
Other disclosure:							
Long-term equity investment in jointly controlled entities and associates	**20,653,020.00**	**114,467,226.21**	**10,000,000.00**	**262,051,766.84**	**–**	**–**	**407,172,013.05**
Increase of other non-current assets other than long-term equity investment	**1,444,397,663.79**	**83,060,716.51**	**5,376,344.80**	**90,504,745.08**	**–**	**–**	**1,623,339,470.18**

For the six months ended 30 June 2011 (Unaudited)

Unit: RMB

	Cement	Modern building materials	Property development	Property investment and management	Unallocated head office assets/ liabilities/overheads	Elimination on consolidation	Total
Revenue from external customer	6,261,484,203.16	2,321,776,371.20	3,745,574,669.14	748,818,348.62	–	–	13,077,653,592.12
Inter-segment revenue	21,002,777.57	191,425,711.66	201,706,064.29	11,870,572.32	–	(426,005,125.84)	–
	6,282,486,980.73	2,513,202,082.86	3,947,280,733.43	760,688,920.94	–	(426,005,125.84)	13,077,653,592.12
Gain/(loss) on investments in jointly controlled entities and associates	913,458.01	(8,532,862.00)	9,772,772.20	(2,832,543.98)	–	–	(679,175.77)
Asset impairment losses	10,813,137.76	7,258,323.26	–	–	–	–	18,071,461.02
Depreciation and amortization	408,637,642.11	66,721,175.18	2,123,501.93	50,365,434.11	–	–	527,847,753.33
Total profit	1,153,327,173.39	115,087,090.76	840,918,968.66	642,282,040.72	(269,587,176.57)	(154,406,950.54)	2,327,621,146.42
Income tax expense	267,771,762.38	32,886,811.93	218,165,591.79	131,254,262.24	–	(23,470,780.36)	626,607,647.98

Geographical information

Segment revenue from external customers of the Group are mainly derived from operations in the PRC and major business and customers and major non-current assets of the Group are located in the PRC.

Information about major customers

For the six months ended 30 June 2012, the operating revenue from none of the major customers of the Group accounted for more than 10% of the Group's revenue. (2011: None).

3. OPERATING REVENUE AND OPERATING COSTS

Unit: RMB

Operating revenue is presented as follows:

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Income from principal business	**14,490,724,892.40**	12,911,247,655.62
Income from other business	**255,234,243.41**	166,405,936.50
	14,745,959,135.81	13,077,653,592.12

Operating cost is presented as follows:

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Costs for principal business	**10,269,209,922.10**	9,112,654,170.46
Costs for other business	**128,167,757.75**	96,369,232.70
	10,397,377,679.85	9,209,023,403.16

4. FINANCE COSTS

Unit: RMB

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Interest expense	**875,802,324.01**	530,389,804.05
Less: Interest income	**(68,262,705.22)**	(19,666,403.07)
Less: Amount of interest capitalized	**(372,545,123.23)**	(184,822,726.06)
(Gain)/loss on foreign exchange	**241,569.87**	(1,234,363.28)
Handling charges	**7,029,779.43**	7,517,871.35
Others	**28,443,666.79**	5,077,064.58
	470,709,511.65	337,261,247.57

5. INCOME TAX EXPENSE

Unit: RMB

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Current income tax expense	**491,124,140.00**	580,897,850.02
Deferred income tax expense	**94,601,988.30**	45,709,797.96
	585,726,128.30	626,607,647.98

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

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Total profit	**2,113,675,910.91**	2,327,621,146.42
Income tax expense at the statutory income tax rate of 25%	**528,418,977.73**	581,905,286.61
Tax effect of different tax rates of some subsidiaries	**(10,095,469.04)**	(22,739,032.10)
Share of profits and losses of joint ventures and associates	**9,325,592.16**	169,793.94
Income not subject to tax	**(13,676,918.49)**	(697,839.45)
Expenses not deductible	**14,829,077.63**	25,441,776.98
Deductible losses utilized from previous years	**(1,866,732.65)**	(9,463,398.25)
Adjustments on the current income tax expense of previous periods	**(2,548,398.21)**	–
Effect of deductible temporary difference unrecognized and deductible losses	**61,339,999.17**	51,991,060.25
Income tax expense at the Group's effective tax rate	**585,726,128.30**	626,607,647.98

6. CALCULATIONS OF BASIC AND DILUTED EARNINGS PER SHARE

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

The calculation of basic earnings per share is as follows:

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company (RMB)	**1,387,233,578.71**	1,635,823,872.88
Shares		
Weighted average number of ordinary shares in issue of the Company	**4,283,737,060.00**	4,165,175,743.67

The Company did not have potentially dilutive ordinary shares.

7. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (for the six month ended 30 June 2011: Nil).

8. TRADE RECEIVABLES

The credit period of trade receivables is usually one month to three months. The trade receivables bear no interest.

An aged analysis of trade receivables is as follows:

Unit: RMB

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Within 1 year	**4,435,586,315.55**	3,252,752,711.70
1 to 2 years	**329,667,471.65**	298,558,262.87
2 to 3 years	**71,962,853.41**	73,736,768.54
3 to 4 years	**29,354,000.71**	47,270,885.70
4 to 5 years	**35,192,514.60**	71,073,385.21
Over 5 years	**69,430,743.82**	107,092,106.34
	4,971,193,899.74	3,850,484,120.36
Less: provision for bad debt of trade receivables	**(270,105,491.31)**	(359,546,649.96)
	4,701,088,408.43	3,490,937,470.40

9. TRADE PAYABLES

The trade payables bear no interest and are generally settled within 90 days.

An aged analysis of trade payables is as follows:

Unit: RMB

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Within 1 year	**4,484,029,290.58**	4,170,179,825.53
1 to 2 years	**577,526,200.50**	562,097,531.33
2 to 3 years	**448,518,560.01**	276,770,222.96
Over 3 years	**144,848,300.06**	115,306,540.69
	5,654,922,351.15	5,124,354,120.51

10. NET CURRENT ASSETS

Unit: RMB

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Current assets	**45,521,117,218.71**	44,897,498,421.07
Less: current liabilities	**41,749,118,523.81**	39,470,454,070.38
Net current assets	**3,771,998,694.90**	5,427,044,350.69

11. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Total assets	**78,994,324,105.50**	77,086,227,989.90
Less: current liabilities	**41,749,118,523.81**	39,470,454,070.38
Total assets less current liabilities	**37,245,205,581.69**	37,615,773,919.52

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the interim results of the Company for the six months ended 30 June 2012, and the satisfactory performance of the Company during the said period for your review.

Interim Results

During the Reporting Period, the Company's operating revenue amounted to approximately RMB14,746.0 million, an increase of approximately 12.8% year-on-year; net profit attributable to the shareholders of the parent company was approximately RMB1,387.2 million, a decrease of approximately 15.2% year-on-year; and basic earnings per share were approximately RMB0.32.

Business Environment

During the Reporting Period, the world economy saw a slowdown in its growth momentum. The Eurozone sovereign debt crisis faces uncertain prospects, and the risk for an economic downside further heightened. The China's economic growth slowed down yet the overall national economy remained steady. Domestic economy achieved growth while maintaining stability. Under the impact of the domestic and international economic landscapes, the national demand for cement witnessed a slowdown. Competition in the market intensified, leading to a year-on-year decrease in both profit and price. Under multiple influences including the industrial regulation by the PRC government, and the cut in reserve ratio and the continuous lowering of interest rate by The People's Bank of China, trading volume in the property market recorded a noticeable pick-up.

Review

Given the challenging global economic environment and the complex domestic and economic landscapes worldwide, the Board of the Company seized all development opportunities accurately by defining a clear direction for development, formulating development strategies in a scientific manner, and fine-tuning the path for development. Capitalizing on the industry regulatory policies, the Company stepped up efforts to utilize its advantages in strategic deployment, industrial chain, management integration and technological innovation, and maintained a steady and healthy growth in the Company's operation results.

During the Reporting Period, the four major business segments of the Company overcame various challenges and difficulties as they adapted to macro-control and the drastic changes in the market, and seized development opportunities while continuously enhancing overall strength.

Capitalizing on its advantageous strategic layout and ever-strengthening organic growth capabilities, the cement and ready-mixed concrete segment successfully created a favorable position in the market amidst intense regional competition, leading to the acceleration of the transition toward environmentally-friendly production and continuous enhancement of sustainable development capabilities. The modern building materials segment effectively carried out major projects with strategic significance for future growth, creating favorable conditions and laying down a solid foundation for expediting business model transition and technical upgrade. The property development segment made great strides in "structure adjustments for project development and land reserve" as well as "continuing to raise the pace in the collection of funds and to enhance the settlement efficiency of booked GFA" against tough market conditions, sparing no effort to maintain sustainable healthy development. The property investment and management segment leveraged on its integrated advantage and maintained a satisfactory growth momentum.

Internal consolidation and control of the Company made further progress, providing more synergy and security for the overall development of the Company. The corporate governance structure was being refined progressively, creating reliable management guarantee for the boost of corporate vitality. The Company further reinforced its foundation for rapid development as a market leader with the gradual formation of an innovation-driven layout.

Prospects

Given the instability and uncertainties of global economic recovery and an overview of the international and domestic economic landscapes, China is still in a crucial stage of strategic opportunities. The PRC government will adhere to its economic policy of "making progress while maintaining stability" (穩中求進), implement proactive fiscal policies and prudent monetary policies, and progressively push forward the adjustment of industrial structure and the transformation of economic growth pattern. Efforts will also be made in the development of real economy, the acceleration of infrastructure constructions including water conservancy facilities, the construction of affordable housing and the rehabilitation of dilapidated buildings in urban area. These initiatives are expected to create market opportunities for the Company's development.

In the second half of 2012, the Company will develop and establish a number of new industrial fulcrums with strong growth and build more large-scale industrial clusters, including:

The cement and ready-mixed concrete segment will stick to regional development, expand and improve the current unique business pattern guided by the 'grand-cross shape' strategy (大十字戰略), with an aim to strengthen its competitive edge. By building regional core enterprises into a number of bases with radiating influences, the Company will step up the construction of regional clusters stretching vertically and create overall economic growth points;

The modern building materials segment will stick to the 'industrial park-based' (園區化) development pattern, making industrial parks the strategic bases for BBMG's modern building materials manufacturing segment. The commerce and logistics operation will further develop a business model that matches its own features and conscientiously explore a scientific path for expanding its operation scale, so as to reach the goal of becoming stronger, larger and better operations shortly.

The property development segment will continue to raise the pace of fund collection and enhance the settlement efficiency of booked GFA, build the land bank in a reasonable manner when appropriate opportunities may arise, consolidate and expand its development advantage in regions where it has established presence, in a bid to creating a healthy circular mechanism of "project development, product sales, land bank building". Adhering to the long-term strategic goals to radiate to a wider area with existing local markets as cores, and the Company will endeavor to establish economic growth points in different regions, thus strengthening the influence and growth potentials of the brand name of BBMG property developed by the Company in a larger market.

The property investment and management segment will focus on improving its operation efficiency, management ability and service quality, consolidate and deepen the effect of business integration, and uncover growth potentials, creating new economic growth points for the Company backed by the existing industrial advantages.

The Company will continue to promote innovation in mechanism, management and system, elevate standards of internal management, and continuously improve the corporate governance structure characterizing coordinated operation, effective implementation and scientific balancing. Adhering to the development concept of "environmental friendly, resource saving, technologically advanced and urban servicing", we stick to the development principle of "a harmonious integration of economic, social and ecological benefits", and further speed up the transformation process towards green development. The Company will also strengthen the building of the cultural system of the Company, making our corporate culture a cornerstone to preserve the spirit of humanities while we are continuously striving to secure business opportunities and sustainable development amid fierce competition.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Information

Unit: RMB million

	For the six months ended		
	30 June 2012	30 June 2011	Change
Operating revenue	**14,746.0**	13,077.7	12.8%
Revenue from principal business	**14,490.7**	12,911.2	12.2%
Gross profit from principal business	**4,221.5**	3,798.6	11.1%
Gross profit margin from principal business (%)	**29.13**	29.42	a decrease of 0.29 percentage point
Net profit	**1,527.9**	1,701.0	-10.2%
Net profit attributable to shareholders of the parent company	**1,387.2**	1,635.8	-15.2%
Basic earnings per share (RMB)	**0.32**	0.39	-17.9%
Total assets	**78,994.3**	77,086.2	2.5%
Equity attributable to shareholders of the parent company	**21,231.0**	20,153.8	5.3%

Summary of Business Information

	For the six months ended		
	30 June 2012	30 June 2011	Change
Cement Segment			
Cement sales volume (in million tonnes)	**15.01**	17.43	-13.9%
Concrete sales volume (in million cubic meters)	**4.10**	3.52	16.5%
Modern Building Materials Segment			
Refractory materials (in thousand tonnes)	**112.0**	134.4	-16.7%
Property Development Segment			
Booked GFA (in thousand sq.m.)	**478.9**	374.1	28.0%
GFA under presales contracts (in thousand sq.m.)	**438.1**	372.7	17.6%
Property Investment and Management Segment			
Gross GFA of investment property (in thousand sq.m.)	**742.0**	745.0	-0.4%

Review on Overall Performance

In the first half of 2012, the Company witnessed steady growth in its performance. The operating revenue amounted to RMB14,746.0 million, up 12.8% year-on-year, of which, the revenue from principal business increased by 12.2% to RMB14,490.7 million; gross profit from principal business reached RMB4,221.5 million, up 11.1% year-on-year; net profit attributable to shareholders of the parent company amounted to RMB1,387.2 million, a decrease of 15.2% year-on-year.

The four major business segments of the Company, namely cement, modern building materials, property development and property investment and management achieved steady development:

- Revenue from the principal business of the cement segment decreased by 13.8% to RMB5,313.6 million; gross profit from principal business reached RMB1,047.3 million, representing a decrease of 29.4%.

- Revenue from the principal business of the modern building materials segment grew by 19.3% to RMB3,011.9 million; gross profit from principal business stood at RMB553.0 million, representing a growth of 10.8%.

- Revenue from the principal business of the property development segment rose to RMB5,569.6 million, representing a growth of 42.1%; gross profit from principal business was RMB2,160.5 million, an increase of 44.4%.

- Revenue from the principal business of the property investment and management segment increased by 11.0% to RMB787.5 million; gross profit from principal business reached RMB464.9 million, representing a growth of 5.7%.

Analysis on the Operation of Business Segments

1. Cement Segment

Overcoming various obstacles including the restriction on electricity supply and production, the Group forged ahead with the "grand cross-shape" (大十字) strategy and completed the acquisitions of a number of cement enterprises. This enabled the Group to expand its market coverage into Shanxi and Henan, and therefore the Group managed to realize the expansion of operation scale and optimization of industrial layout, strengthening its control over regional cement markets. Meanwhile, by upholding "centralized marketing and supply, standardized quality control and unified management for new projects and projects under construction", the Group developed an efficient interaction mechanism which could give full play to the synergy. Ready-mixed concrete business gained a foothold in regional markets like Tianjin and Hebei, further expanding the profit sources of products. In the first half of 2012, consolidated sales volume of cement and clinker was 15.01 million tonnes, a decrease of 2.42 million tonnes year-on-year; sales volume of concrete totaled 4.10 million cubic meters, a growth of 0.58 million cubic meter year-on-year. The cement segment realized a revenue from principal business of RMB5,313.6 million, representing a decrease of 13.8% year-on-year; gross profit from principal business decreased by 29.4% year-on-year to RMB1,047.3 million.

2. Modern Building Materials Segment

The development layout of five key sectors and two modern industrial parks is taking shape through deepening adjustment of the industrial structure and optimizing resource allocation. The five key sectors represent furniture and wood, walls and insulation materials, decoration materials, refractory materials and trade and logistics, and two modern industrial parks refer to Dachang Industrial Park and Doudian Industrial Park. In the first half of 2012, this segment realized revenue from principal business of RMB3,011.9 million, representing a year-on-year increase of 19.3%; gross profit from principal business was RMB553.0 million, up 10.8% year-on-year.

3. Property Development Segment

Progressively implementing adjustments to the "two structures" (兩個結構) while sticking to the strategy of "accelerating cash flow" (好水快流), the Company made great strides in expanding its business network into cities like Tianjin, Chongqing, Haikou and Tangshan, which enabled the Company to scale up its multi-region development as well as formulate a healthy development layout. In the first half of 2012, the property development segment realized a revenue of RMB5,569.6 million from principal business, up 42.1% year-on-year; gross profit from principal business was RMB2,160.5 million, up 44.4% year-on-year; booked GFA was 478,900 sq.m., an increase of 28.0% year-on-year; total presales GFA for the first half of the year was 438,100 sq.m., representing an increase of 17.6% year-on-year. As at the end of the Reporting Period, the Company's land reserve totaled approximately 5.80 million sq.m..

4. Property Investment and Management Segment

Giving full play to our advantage of integration and our innovative operation model, the Company enhanced the quality of services and standards of management, leading to a progressive growth in economic benefits and operating capacity. In the first half of 2012, the segment recorded a revenue of RMB787.5 million from principal business, representing a year-on-year growth of 11.0%; gross profit from principal business increased by 5.7% year-on-year to RMB464.9 million. As at the end of the Reporting Period, the GFA of the Company's investment properties in the core districts of Beijing reached approximately 742,000 sq.m..

Analysis on the Financial Position during the Reporting Period

1. Gains from changes in fair value of investment properties

The Company conducted a subsequent measurement of the investment properties at the fair value at the date of the balance sheet. Changes in fair value are recognized in "Gains from changes in fair value" on the income statement. The fair value is estimated by an independent valuer based on the prices in the open market on a regular basis.

No depreciation or amortization of investment properties is included in the financial statements. The book value of investment properties is adjusted based on their fair value at the date of the balance sheet. The difference between the fair value and the original book value is recognized in the profit or loss for the period.

During the Reporting Period, gains from changes in fair value of investment properties of the Company were RMB346.7 million, accounting for 16.4% of the profits before tax. The fair value gains on investment properties for the period were mainly due to an upward revision to the fair value of the investment properties of the Company by the valuer based on the recent rising rental of commercial properties on the open market in Beijing.

2. Selling expenses, administrative expenses and finance costs

The expenses of the Group generally remained stable and recorded some growth in line with business expansion during the Reporting Period.

(1) In the first half of 2012, selling expenses were RMB581.9 million, an increase of RMB110.4 million year-on-year. Such increase was mainly due to the increase in labour costs and transportation costs driven by business expansion.

(2) In the first half of 2012, administrative expenses were RMB998.2 million, an increase of RMB75.1 million year-on-year. Such increase was mainly due to business expansion.

(3) In the first half of 2012, finance costs were RMB470.7 million, an increase of RMB133.4 million year-on-year. Such increase was mainly due to increased borrowings in line with the business needs of the Company.

3. Cash flows

In the first half of 2012, a net decrease of RMB773.7 million in cash and cash equivalents was recognized in consolidated financial statements of the Company, which included the net cash inflow generated from operating activities of RMB825.1 million, the net cash outflow from investment activities of RMB1,656.2 million and the net cash inflow generated from financing activities of RMB57.4 million.

SUMMARY OF FINANCIAL INFORMATION

Unit: RMB million

	As at 30 June 2012	As at 31 December 2011	Change
Current assets	**45,521.1**	44,897.5	1.4%
Current liabilities	**41,749.1**	39,470.5	5.8%
Net current assets	**3,772.0**	5,427.0	-30.5%
Non-current assets	**33,473.2**	32,188.7	4.0%
Non-current liabilities	**14,221.3**	15,900.2	-10.6%
Total assets	**78,994.3**	77,086.2	2.5%
Total equity attributable to shareholders of the parent company	**21,231.0**	20,153.8	5.3%
Debt ratio (total liabilities to total assets) (%)	**70.9**	71.8	a decrease of 0.9 percentage point

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group's consolidated total assets amounted to RMB78,994.3 million, an increase of 2.5% from the beginning of the Reporting Period which were financed by total liabilities of RMB55,970.4 million, minority interests of RMB1,792.9 million and equity attributable to shareholders of the parent company of RMB21,231.0 million. The asset quality of the Group was significantly improved; total equity attributable to shareholders amounted to RMB23,023.9 million, an increase of 6.0% from the beginning of the Reporting Period. As at 30 June 2012, the Group's total current assets were RMB45,521.1 million, an increase of RMB623.6 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 70.9%, a decrease of 0.9 percentage points from the beginning of the Reporting Period.

As at 30 June 2012, the Group's monetary capital amounted to RMB6,998.5 million, a decrease of RMB920.0 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 2012, the Group's interest-bearing bank borrowings amounted to RMB23,517.4 million. Of these borrowings, approximately RMB17,509.9 million interest bearing bank borrowings were due for repayment within one year, an increase of approximately RMB2,618.9 million from the beginning of the Reporting Period. Approximately RMB6,007.5 million interest-bearing bank borrowings were due for repayment after one year, a decrease of approximately RMB1,765.1 million from the beginning of the Reporting 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.

COMMITMENTS

Unit: RMB

	As at 30 June 2012 (Unaudited)	As at 31 December 2011 (Audited)
Acquisition or construction contract which is contracted but not completed	**606,136,198.89**	649,549,808.22
Building installation contract which is contracted and executed or will be executed	**5,459,159,454.00**	6,857,714,585.64
Equity investment contract which is contracted and executed	**141,500,000.00**	195,000,000.00
	6,206,795,652.89	7,702,264,393.86

CONTINGENT LIABILITIES

Unit: RMB

	As at 30 June 2012 (Unaudited)	As at 31 December 2011 (Audited)
Contingent liabilities arising from providing guarantees externally	**4,596,633,006.20**	3,120,640,376.71

Note: Certain customers of the Group have purchased the commodity housing developed by the Group by way of bank mortgage (secured loans). According to the bank requirement in respect of the secured loans of the individual purchase of housing, the Group has provided guarantees to secure the periodical and joint obligation of such secured loans granted by banks for home buyers. These guarantees will be released upon obtaining building ownership certificates and completion of formalities of mortgage by the home buyers.

EMPLOYEES

As at 30 June 2012, the Group had 33,418 employees in total (as at 31 December 2011: 33,678). 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 material 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 2012, certain of the Group's fixed assets, investment properties, properties under development and land use rights amounting to approximately RMB10,896.5 million (31 December 2011: RMB10,793.8 million) were pledged to certain banks for securing the bank loans granted to the Group and accounted for approximately 13.8% of the total assets of the Group (31 December 2011: 14.0%).

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.

SUBSTANTIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the Reporting Period, the Group had not conducted any substantial acquisition or disposal of subsidiaries and associates that were required to be disclosed.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2012, 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 of the Company (the "**Directors**"), the records of interest (being 5% or more of the Company's issued share capital) as registered in the register 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
H Shares	Sloane Robinson LLP	Directly and Beneficially Owned	70,497,000	6.03	1.65
H Shares	Baring Asset Management Limited	Directly and Beneficially Owned	66,920,500	5.72	1.56
H Shares	HSBC Global Asset Management (HongKong) Limited	Directly and Beneficially Owned	59,982,748	5.13	1.40

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

Save as disclosed above, as at 30 June 2012, 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 2012, 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 or short positions which 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 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 2012, 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 2012. 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 2012.

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 Board is of the opinion that, for the six months ended 30 June 2012, the Company had complied with all the applicable provisions contained in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules (effective until 31 March 2012) and the Code on Corporate Governance Practices (with effect from 1 April 2012), save for the requirements under Rule 3.25 of the Listing Rules. Pursuant to Rule 3.25, an issuer must establish a remuneration committee chaired by an independent non-executive director. The Company has established the Remuneration and Nomination Committee which is chaired by the chairman and an executive director of the Board instead of an independent non-executive director. The Company considers that a unified committee is a more suitable and effective arrangement for the Company to monitor the structure, size and composition of the Board and the remuneration of each Director in light of the diversified and complex business operations of the Group. The Company was, and is still, in the course of identifying candidates for its new session of the Board when the new Rule 3.25 took effect in April 2012, and considers a change of chairman of the Remuneration and Nomination Committee at that material time would disturb the identification process and would be detrimental to the stability of the Board. The Board undertakes to replace the chairman of the Remuneration and Nomination Committee by an independent non-executive director after the new session of the Board is selected and appointed by the shareholders of the Company by the end of 2012.

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 four 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 Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of one non-executive Director and four independent non-executive Directors. At the meeting convened on 28 August 2012, the Audit Committee had reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2012. 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 2012 and recommended their adoption by the Board.

As at 30 June 2012, 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 2012 interim financial report of the Company for the six months ended 30 June 2012 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 Hong Kong Stock Exchange and the Company in due course. The domestic interim results report for the six months ended 30 June 2012 and its abstract will be released on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) and the website of the Company (http://www.bbmg.com.cn) around the same time as this interim results announcement.

By order of the Board
BBMG Corporation*
Jiang Weiping
Chairman

Beijing, the PRC, 28 August 2012

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