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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 2014

FINANCIAL HIGHLIGHTS

- Operating revenue of RMB20,637.8 million, increased by 1.2% from the interim period of 2013
- Gross profit margin from principal business of 24.72%, increased by 3.53 percentage points from the interim period of 2013
- Net profit of RMB1,516.8 million, increased by 17.1% from the interim period of 2013
- Net profit attributable to shareholders of the parent company of RMB1,380.6 million, increased by 6.3% from the interim period of 2013
- Core net profit attributable to the shareholders of the parent company (excluding the after tax net fair value gains on investment properties) of RMB1,180.3 million, increased by RMB121.5 million or 11.5% from the interim period of 2013
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.30

The board of directors (the "**Board**") of BBMG Corporation (the "**Company**" or "**BBMG**") 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 2014 (the "**Reporting Period**") together with the comparative figures for the corresponding period of 2013, 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**").

RESULTS OF OPERATIONS

For the six months ended 30 June 2014, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB1,380.6 million, representing an increase of approximately 6.3% over the corresponding period last year; basic earnings per share was approximately RMB0.30 (six months ended 30 June 2013: RMB0.30), same as that of the corresponding period last year; total equity attributable to the shareholder of the parent company was approximately RMB30,080.0 million at the end of the Reporting Period, representing an increase of approximately RMB3,800.0 million at the beginning of the Reporting Period; and net assets value per share attributable to shareholders of the parent company as at 30 June 2014 was approximately RMB6.29, representing an increase of approximately RMB0.16 from the beginning of the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

UNAUDITED CONSOLIDATED INCOME STATEMENT
Unit: RMB

	Notes	**For the six months ended 30 June 2014 (Unaudited)**	For the six months ended 30 June 2013 (Restated) (Unaudited)
Operating revenue	*4*	**20,637,809,082.36**	20,386,622,839.47
Less: Operating costs	*5*	**15,481,691,100.41**	16,013,389,291.34
Business tax and surcharges		**818,114,821.61**	761,069,018.03
Selling expenses	*6*	**687,298,907.54**	680,885,123.98
Administrative expenses	*7*	**1,453,113,406.01**	1,360,311,044.25
Finance costs	*8*	**593,339,737.33**	453,061,611.81
Asset impairment losses		**82,852,045.27**	(12,393,172.48)
Add: Gains from changes in fair value		**267,100,000.00**	320,192,740.78
Investment gains/(losses)		**1,780,962.60**	(23,696,571.08)
Including: Share of gains/(losses) of associates and jointly-controlled entities		**1,780,962.60**	(23,792,766.12)
Operating profit		**1,790,280,026.79**	1,426,796,092.24
Add: Non-operating revenue	*4*	**315,196,351.34**	309,900,892.74
Less: Non-operating expenses	*5*	**18,814,359.90**	14,087,901.77
Including: Loss on disposal of non-current assets		**2,714,564.15**	4,884,690.18
Total profit		**2,086,662,018.23**	1,722,609,083.21
Less: Income tax expenses	*9*	**569,862,168.61**	426,771,312.14
Net profit		**1,516,799,849.62**	1,295,837,771.07
Net profit attributable to the shareholders of the parent company		**1,380,649,065.77**	1,299,002,120.31
Minority interests		**136,150,783.85**	(3,164,349.24)
Earnings per share	*10*		
Basic earnings per share (RMB/share)		**0.30**	0.30
Diluted earnings per share (RMB/share)		**0.30**	0.30

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Restated) (Unaudited)
Other comprehensive income		
Other comprehensive income not allowed to be reclassified into profit or loss in subsequent accounting period		
Changes arising from re-measurement of net liabilities or net assets of defined benefit plans	**(20,559,238.00)**	–
Other comprehensive income to be reclassified into profit or loss upon satisfaction of specified conditions in subsequent accounting period		
Fixed assets/investment properties transferred from inventories	**–**	2,846,080.01
Exchange differences on foreign currency translation	**(1,194.19)**	(269.89)
Net other comprehensive income after deducting income tax effect	**(20,560,432.19)**	2,845,810.12
Total comprehensive income	**1,496,239,417.43**	1,298,683,581.19
Including:		
Total comprehensive income attributable to the shareholders of the parent company	**1,360,088,633.58**	1,301,847,930.43
Total comprehensive income attributable to minority interests	**136,150,783.85**	(3,164,349.24)

UNAUDITED CONSOLIDATED BALANCE SHEET

Unit: RMB

	Notes	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Assets			
Current Assets			
Cash and bank balances		**7,125,781,915.22**	8,595,510,330.36
Bills receivable		**1,290,660,797.16**	1,373,660,444.38
Interests receivable		**5,119,173.58**	2,641,275.74
Dividends receivable		**2,190,000.00**	–
Accounts receivable	*12*	**5,673,956,619.08**	5,005,865,494.62
Other receivables		**2,264,872,495.80**	2,639,819,809.54
Prepayments		**3,442,706,473.39**	3,640,625,094.32
Inventories		**42,686,386,003.48**	37,602,014,262.50
Other current assets		**1,289,012,483.79**	1,297,088,888.16
Total current assets		**63,780,685,961.50**	60,157,225,599.42
Non-current assets			
Available for sale financial assets		**505,404,297.22**	505,404,297.22
Long-term equity investments		**344,097,069.35**	345,799,792.73
Investment properties		**13,813,000,000.00**	13,545,900,000.00
Fixed assets		**16,675,857,179.98**	16,934,316,116.16
Construction in progress		**1,948,401,303.64**	1,699,222,835.50
Construction materials		**7,962,030.27**	7,869,443.85
Intangible assets		**3,977,366,831.66**	3,962,675,437.19
Goodwill		**307,562,412.28**	307,562,412.28
Long-term prepaid expenses		**234,933,293.41**	204,694,176.91
Deferred income tax assets		**1,258,575,930.64**	1,168,879,507.62
Total non-current assets		**39,073,160,348.45**	38,682,324,019.46
Total assets		**102,853,846,309.95**	98,839,549,618.88

	Notes	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*13*	**11,021,200,000.00**	13,516,500,000.00
Bills payable		**297,259,776.81**	506,106,696.49
Accounts payable	*14*	**8,324,812,080.79**	8,516,698,306.54
Receipts in advance		**12,803,218,303.72**	15,567,949,491.14
Wages payable		**134,771,682.48**	143,861,648.17
Tax payable		**315,463,798.68**	750,894,143.53
Interest payable		**455,215,430.14**	253,810,076.41
Dividends payable		**403,220,263.41**	45,192,199.03
Other payables		**3,165,839,145.55**	2,757,269,782.36
Short-term financing bonds payable	*15*	**6,600,000,000.00**	3,000,000,000.00
Non-current liabilities due within one year		**1,771,452,867.30**	3,199,218,336.70
Other current liabilities		**4,106,954,654.16**	3,802,471,794.62
Total current liabilities		**49,399,408,003.04**	52,059,972,474.99
Non-current liabilities			
Long-term loans	*16*	**7,615,420,000.00**	6,879,920,000.00
Bonds payable	*15*	**8,162,657,875.54**	6,305,600,000.00
Long-term wages payables		**435,445,273.00**	422,795,184.00
Long-term payables		**21,094,478.27**	22,414,048.18
Accrued liabilities		**107,047,345.03**	101,979,128.78
Deferred tax liabilities		**2,549,282,731.03**	2,418,825,799.17
Other non-current liabilities		**622,726,976.68**	602,729,940.01
Total non-current liabilities		**19,513,674,679.55**	16,754,264,100.14
Total liabilities		**68,913,082,682.59**	68,814,236,575.13

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Equity attributable to shareholders		
Share capital	**4,784,640,284.00**	4,283,737,060.00
Capital reserve	**8,131,966,797.69**	5,851,047,176.44
Specific reserve	**24,423,044.02**	13,788,160.64
Surplus reserve	**711,195,322.63**	711,195,322.63
General risk reserve	**25,696,727.23**	698,454.78
Retained earnings	**16,402,252,655.28**	15,419,803,804.11
Exchange differences on foreign currency translation	**(131,577.00)**	(130,382.81)
Total equity attributable to the shareholders of the parent company	**30,080,043,253.85**	26,280,139,595.79
Minority interests	**3,860,720,373.51**	3,745,173,447.96
Total equity attributable to shareholders	**33,940,763,627.36**	30,025,313,043.75
Total liabilities and equity attributable to shareholders	**102,853,846,309.95**	98,839,549,618.88

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 issued by the Ministry of Finance in February 2006 and the specific accounting standards, implementation guidelines, interpretations and other relevant provisions issued and amended subsequently (collectively referred to as "**Accounting Standards for Business Enterprises**").

The financial statements are presented on a going concern basis.

Except for certain financial instruments and investment properties, the financial statements have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment shall be provided according to relevant provisions.

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 prepared in accordance with Accounting Standard for Business Enterprises.

2. ADOPTION OF CERTAIN REVISED/NEW ACCOUNTING STANDARDS

Between January and March 2014, the Ministry of Finance formulated the Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement, Accounting Standards for Business Enterprises No. 40 – Joint Arrangements and Accounting Standards for Business Enterprises No. 41 – Disclosure of Interests in Other Entities; and revised and issued the Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements, Accounting Standards for Business Enterprises No. 9 – Employee Benefits, Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements and Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments. All of the above 7 accounting standards became effective from 1 July 2014, but overseas-listed enterprises were encouraged to early adopt them. As an overseas-listed enterprise, the Company had early adopted the above 7 accounting standards and conducted accounting treatment in accordance with relevant transitional requirements when preparing the annual financial statements for 2013.

For the purpose of this financial statement, accounting treatment adopted by the Group was consistent with the annual financial statements for 2013 in respect of changes in the above accounting standards, and relevant retroactive adjustments to comparative figures have been made where required.

Pursuant to the Accounting Standards for Business Enterprises No. 9 – Employee Salaries, re-measurements due to establishment of the defined benefit pension fund, including actuarial gains or losses, movements arising from assets cap (net of amounts included in net interest) and return on plan assets (net of amounts included in net interest) are all immediately recognised in the balance sheet, and are included in shareholders' equity through other comprehensive income during the period they are incurred. They will not be reversed to profit or loss in subsequent periods.

Pursuant to the Accounting Standards for Business Enterprises No. 2 Long-term Equity Investment, the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments is applicable to equity investments in subsidiaries, which are not included in the consolidated financial statements, and other equity investments (except those in subsidiaries, associates and joint ventures) made by investment entities are recognised as available-for-sale financial assets.

The retrospective adjustments arising from the above change in accounting policy had the following major impacts on the financial statements for the six months ended 30 June 2013:

The Group

For the six months ended 30 June 2013

	Amount incurred for the period before change in accounting policy	**Amount effected by change in accounting policy**	**Amount incurred for the period after change in accounting policy**
Administrative expenses	1,370,281,463.25	(9,970,419.00)	1,360,311,044.25
Finance costs	442,895,708.81	10,165,903.00	453,061,611.81

3. OPERATING SEGMENT INFORMATION

Operating segments

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

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

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

(3) the property development segment engages in property development and sales; and

(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 results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for the expenses attributable to headquarters.

Segment assets and liabilities exclude unallocated assets and liabilities attributable to headquarters as these assets and liabilities are managed by the Group.

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 2014 (Unaudited)

Unit: RMB

	Cement and Ready-Mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/Expenses	Elimination on Consolidation	Total
Revenues from external transactions	5,915,604,421.39	5,656,858,793.40	7,924,658,899.78	1,140,686,967.79	–	–	20,637,809,082.36
Revenues from inter-segment transactions	9,226,811.28	233,136,032.71	–	69,691,524.75	–	(312,054,368.74)	–
	5,924,831,232.67	5,889,994,826.11	7,924,658,899.78	1,210,378,492.54	–	(312,054,368.74)	20,637,809,082.36
Gains/(losses) on investments in associates and jointly-controlled entities	1,951,512.10	(704,114.48)	–	533,564.98	–	–	1,780,962.60
Impairment losses from assets	45,995,471.88	4,269,129.31	(37,437.10)	32,624,881.18	–	–	82,852,045.27
Depreciation and amortization	520,267,545.74	59,521,764.81	4,757,125.56	85,992,883.50	11,143,503.76	–	681,682,823.37
Total profit	57,864,155.66	(858,131.13)	1,774,697,210.88	652,274,977.53	(387,200,796.03)	(10,115,398.68)	2,086,662,018.23
Income tax expenses	35,826,568.62	(6,783,799.24)	460,836,524.61	179,311,923.30	(96,800,199.01)	(2,528,849.67)	569,862,168.61
Increase in other non-current assets (excluding long-term equity investments)	469,095,416.75	198,173,259.63	8,671,301.22	85,270,629.38	–	–	761,210,606.98
As at 30 June 2014							
Total assets	27,587,826,812.20	9,963,429,181.37	49,504,017,532.88	23,394,129,126.73	1,071,986,000.65	(8,667,542,343.88)	102,853,846,309.95
Total liabilities	13,418,169,135.36	4,095,021,974.44	39,312,377,185.54	6,241,468,075.65	12,314,963,829.14	(6,468,917,517.54)	68,913,082,682.59
Other disclosure							
Long-term equity investment in associates and jointly-controlled entities	27,323,425.57	312,626,581.78	–	4,147,062.00	–	–	344,097,069.35

For the six months ended 30 June 2013 (Unaudited)

Unit: RMB

	Cement and Ready-Mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/Expenses	Elimination on Consolidation	Total
Revenues from external transactions	5,582,864,866.04	7,386,332,884.03	6,439,065,228.13	978,359,861.27	–	–	20,386,622,839.47
Revenues from inter-segment transactions	10,542,898.18	173,941,338.55	1,300,000.00	26,606,772.31	–	(212,391,009.04)	–
	5,593,407,764.22	7,560,274,222.58	6,440,365,228.13	1,004,966,633.58	–	(212,391,009.04)	20,386,622,839.47
Gains/(losses) on investments in associates and jointly-controlled entities	304,275.80	(24,609,234.92)	–	512,193.00	–	–	(23,792,766.12)
Impairment losses from assets	(10,450,989.63)	(1,939,847.36)	(2,335.49)	–	–	–	(12,393,172.48)
Depreciation and amortization	470,891,814.11	51,750,985.81	4,341,995.02	61,096,221.10	11,440,821.65	–	599,521,837.69
Total profit	66,692,448.04	45,040,996.63	1,175,154,927.72	731,505,933.47	(248,484,702.65)	(47,105,036.00)	1,722,804,567.21
Income tax expenses	54,282,212.25	(44,837,985.23)	298,773,925.46	182,058,650.12	(62,121,175.66)	(1,384,314.80)	426,771,312.14
Increase in other non-current assets (excluding long-term equity investments)	1,223,679,491.15	192,157,724.66	4,292,172.74	66,461,977.61	–	–	1,486,591,366.16
As at 31 December 2013							
Total assets	26,953,297,268.28	7,347,728,501.51	46,640,002,525.23	23,716,865,976.67	1,046,002,711.94	(6,864,347,364.74)	98,839,549,618.88
Total liabilities	13,513,654,404.62	3,444,506,813.84	38,982,641,695.29	8,775,645,236.78	11,089,680,924.84	(6,991,892,500.24)	68,814,236,575.13
Other disclosure							
Long-term equity investment in associates and jointly-controlled entities	24,961,909.45	342,564,157.67	10,000,000.00	3,846,744.16	–	–	381,372,811.28

Geographical information

Segment revenue from external transactions of the Group are mainly derived from operations in the People's Republic of China ("**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 2014, none of sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues (for the six months ended 30 June 2013: None).

4. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Operating revenue from principal business	**20,350,151,825.28**	20,161,051,297.58
Operating revenue from other business	**287,657,257.08**	225,571,541.89
	20,637,809,082.36	20,386,622,839.47

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Sale of products	**7,120,105,920.58**	7,089,827,283.02
Bulk commodity trade	**3,443,614,430.35**	4,792,866,339.60
Sale of properties and land	**7,896,276,773.00**	6,422,750,826.00
Rental income	**601,957,924.12**	540,107,034.92
Including: Rental income from investment properties	**502,547,463.48**	457,475,047.12
Other rental income	**99,410,460.64**	82,631,987.80
Property management	**336,819,211.78**	275,771,515.40
Hotel management	**170,030,348.70**	204,955,141.80
Income from construction work	**543,403,319.80**	644,192,144.00
Disposal of solid waste	**209,217,167.73**	193,737,524.28
Others	**316,383,986.30**	222,415,030.45
	20,637,809,082.36	20,386,622,839.47

Operating revenue from principal business by segment:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Cement	**5,798,407,234.39**	5,492,377,704.88
New building materials	**5,574,290,564.24**	7,302,903,939.77
Real estate development	**7,921,964,579.92**	6,422,750,826.00
Property investment and management	**1,055,489,446.73**	943,018,826.93
	20,350,151,825.28	20,161,051,297.58

Operating revenue from principal business by product:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Sale of products	**7,061,942,691.15**	7,089,827,283.02
Bulk commodity trade	**3,443,614,430.35**	4,792,866,339.60
Sale of properties and land	**7,896,276,773.00**	6,422,750,826.00
Including: Sale of affordable housing	**3,218,640,598.38**	280,183,391.48
Rental income from investment properties	**502,547,463.48**	457,475,047.12
Property management	**336,819,211.78**	275,771,515.40
Hotel management	**170,030,348.70**	204,955,141.80
Income from decoration	**543,403,319.80**	644,192,144.00
Disposal of solid waste	**209,217,167.73**	193,737,524.28
Others	**186,300,419.29**	79,475,476.36
	20,350,151,825.28	20,161,051,297.58

Non-operating revenue is presented as follows:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Gains from disposal of fixed assets	**2,029,997.10**	61,339,813.20
Gains from debt restructuring	**987,786.89**	337,916.44
Net gains from fines	**6,542,322.56**	3,288,222.39
Government grants	**284,028,073.80**	234,267,183.96
Unpayable amounts	**3,410,974.48**	1,588,314.16
Others	**18,197,196.51**	9,079,442.59
	315,196,351.34	309,900,892.74

5. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating cost is presented as follows:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Operating costs for principal business	**15,320,152,410.17**	15,888,516,006.05
Operating costs for other business	**161,538,690.24**	124,873,285.29
	15,481,691,100.41	16,013,389,291.34

Operating costs from principal business by segment:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Cement	**4,777,477,384.05**	4,623,186,916.37
New building materials	**5,104,049,339.41**	6,678,726,911.03
Real estate development	**5,020,735,085.50**	4,211,623,316.69
Property investment and management	**417,890,601.21**	374,978,861.96
	15,320,152,410.17	15,888,516,006.05

Operating costs from principal business by product:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Sale of products	**5,745,366,148.86**	5,860,699,627.08
Bulk commodity trade	**3,418,727,649.18**	4,775,761,179.03
Sale of properties and land	**5,016,385,629.21**	4,211,623,316.69
Including: Sale of affordable housing	**2,534,370,721.64**	254,375,881.96
Rental income from investment properties	**39,359,018.72**	52,731,483.88
Property management	**238,841,773.00**	178,122,274.00
Hotel management	**128,416,740.88**	114,742,032.93
Income from decoration	**486,099,616.62**	500,839,646.24
Disposal of solid waste	**159,259,857.71**	128,575,072.44
Others	**87,695,975.99**	65,421,373.76
	15,320,152,410.17	15,888,516,006.05

Non-operating expenses are presented as follows:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Losses from disposal of fixed assets	**2,714,564.15**	4,884,690.18
Losses from debt restructuring	**303,346.08**	162,047.66
Donation	**508,417.91**	484,823.30
Expense on compensation, penalties and fines	**8,699,346.98**	2,837,099.38
Others	**6,588,684.78**	5,719,241.25
	18,814,359.90	14,087,901.77

6. SELLING EXPENSES

Unit: RMB

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Employee remuneration	**202,220,013.44**	184,885,849.86
Office expenses	**65,332,018.90**	64,223,646.22
Lease fee	**52,803,337.69**	38,642,354.31
Agency intermediary fee	**104,488,393.02**	103,579,365.46
Advertisement fee	**86,997,847.29**	101,206,555.25
Transportation and travelling expenses	**171,015,223.59**	181,665,366.60
Others	**4,442,073.61**	6,681,986.28
	687,298,907.54	680,885,123.98

7. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Restated) (Unaudited)
Employee remuneration	**674,978,266.47**	632,367,604.12
Office expenses	**210,671,490.83**	278,456,666.52
R&D expenses	**29,456,225.55**	27,800,876.13
Intermediary service fees	**64,714,358.54**	53,341,637.93
Lease and utilities	**57,113,148.49**	37,730,912.08
Tax	**100,180,022.47**	86,911,419.40
Sewage and afforestation fees	**33,029,795.22**	18,767,640.04
Others	**282,970,098.44**	224,934,288.03
	1,453,113,406.01	1,360,311,044.25

8. FINANCE COSTS

Unit: RMB

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Restated) (Unaudited)
Interest expenses	**1,020,578,098.24**	773,329,838.94
Including: Interests on bank loans, overdrafts and other loans which require to be fully repaid within 5 years	**1,020,578,098.24**	767,475,168.10
Other interest expenses	**–**	5,854,670.84
Less: Interest income	**40,290,333.39**	32,882,368.67
Less: Amount of interest capitalized	**431,899,990.48**	315,363,651.06
Exchange gains and losses	**304,561.11**	234,986.59
Handling charges	**31,440,679.24**	10,890,545.88
Others	**13,206,722.61**	16,852,260.13
	593,339,737.33	453,061,611.81

9. INCOME TAX EXPENSES

Unit: RMB

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Current tax expenses	**529,101,659.77**	186,223,657.15
Deferred tax expenses	**40,760,508.84**	240,547,654.99
	569,862,168.61	426,771,312.14

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

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Restated) (Unaudited)
Total profit	**2,086,662,018.23**	1,722,609,083.21
Income tax expenses at statutory income tax rate of 25%	**521,665,504.56**	430,652,270.80
Effect of different tax rates of some subsidiaries	**(7,882,084.42)**	(7,519,784.07)
Share of profits and losses of jointly-controlled entities and associates	**(445,240.65)**	5,948,191.53
Income not subject to tax	**(856,614.61)**	(357,657.28)
Expenses not deductible	**16,807,001.62**	12,394,318.13
Deductible losses utilized from previous years	**(3,089,680.00)**	(1,510,628.82)
Adjustments on current tax expenses of previous periods	**(10,793,550.13)**	(67,592,847.36)
Effect of deductible temporary difference and deductible losses unrecognized	**54,456,832.24**	54,757,449.21
	569,862,168.61	426,771,312.14

10. BASIC 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 2014 (Unaudited)	For the six months ended 30 June 2013 (Restated) (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company (RMB)	**1,380,649,065.77**	1,299,002,120.31
Shares		
Weighted average number of ordinary shares in issue of the Company	**4,556,451,037.51**	4,283,737,060.00

The Company did not have potentially dilutive ordinary shares.

11. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (for the six month ended 30 June 2013: Nil).

12. ACCOUNTS RECEIVABLE

The credit period of accounts receivable is usually one month to six months. The accounts receivable bear no interest.

An aged analysis of accounts receivable is as follows:

Unit: RMB

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Within 1 year	**5,046,586,088.01**	4,436,957,762.02
1 to 2 years	**673,730,143.49**	622,181,383.91
2 to 3 years	**188,509,395.96**	147,972,157.16
3 to 4 years	**39,867,606.48**	29,200,238.34
4 to 5 years	**35,224,332.49**	21,734,976.76
Over 5 years	**64,915,188.21**	79,396,423.43
	6,048,832,754.64	5,337,442,941.62
Provision for bad debt of accounts receivable	**(374,876,135.56)**	(331,577,447.00)
	5,673,956,619.08	5,005,865,494.62

The movements in provision for bad debts of accounts receivable are as follows:

	For the six months ended 30 June 2014 (Unaudited)	For the year ended 31 December 2013 (Audited)
Opening balance for the period/year	**331,577,447.00**	291,243,701.70
Provision for the period/year	**69,016,225.88**	71,905,204.33
Transfer in on acquisition of subsidiaries	**–**	615,971.05
Reversal for the period/year	**(24,286,625.40)**	(31,581,367.38)
Write-off for the period/year	**(1,430,911.92)**	(606,062.70)
Closing balance for the period/year	**374,876,135.56**	331,577,447.00

13. SHORT-TERM LOANS

Unit: RMB

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Guaranteed loans *(Note 1)*	**581,978,000.00**	628,000,000.00
Credit loans	**10,439,222,000.00**	12,888,500,000.00
	11,021,200,000.00	13,516,500,000.00

Note 1: As at 30 June 2014, guaranteed loans were guaranteed by entities within the Group.

As at 30 June 2014, the interest rates of the above loans were 5.4%-6.6% per annum (as at 31 December 2013: 5%-7.22%).

As at 30 June 2014, the Group had no outstanding short-term loans that were due.

As at 30 June 2014, the short-term credit loans of the Group included RMB436,200,000.00 (as at 31 December 2013: RMB3,646,000,000.00) entrusted loans from BBMG Group Company Limited ("**BBMG Group**").

14. ACCOUNTS PAYABLE

The accounts payable bear no interest and are generally settled within 90 days.

An aged analysis of accounts payable is as follows:

Unit: RMB

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Within 1 year	**5,963,281,871.14**	5,823,071,526.78
1 to 2 years	**2,070,796,964.25**	1,942,470,635.46
2 to 3 years	**118,425,213.19**	622,394,795.70
Over 3 years	**172,308,032.21**	128,761,348.60
	8,324,812,080.79	8,516,698,306.54

15. SHORT-TERM FINANCING BONDS PAYABLE AND BONDS PAYABLE

Unit: RMB

For the six months ended 30 June 2014 (Unaudited)

	Opening balance	**Increase during the Reporting Period**	**Decrease during the Reporting Period**	**Closing balance**
Non-current:				
Corporate bonds	–	1,858,757,875.54	–	1,858,757,875.54
Medium-term notes	6,305,600,000.00	–	1,700,000.00	6,303,900,000.00
	6,305,600,000.00	1,858,757,875.54	1,700,000.00	8,162,657,875.54
Current:				
Short-term financing bonds	3,000,000,000.00	5,600,000,000.00	2,000,000,000.00	6,600,000,000.00
	9,305,600,000.00	7,458,757,875.54	2,001,700,000.00	14,762,657,875.54

For the year ended 31 December 2013 (Audited)

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Non-current:				
Corporate bonds	1,895,253,587.34	4,974,888.23	1,900,228,475.57	–
Medium-term notes	4,797,200,000.00	1,508,400,000.00	–	6,305,600,000.00
	6,692,453,587.34	1,513,374,888.23	1,900,228,475.57	6,305,600,000.00
Current:				
Short-term financing bonds	1,000,000,000.00	3,000,000,000.00	1,000,000,000.00	3,000,000,000.00
	7,692,453,587.34	4,513,374,888.23	2,900,228,475.57	9,305,600,000.00

Pursuant to the approval document (Fa Gai Cai Jin [2009] No.1009) issued by National Development and Reform Commission on 27 April 2009, the Company issued the 2009 corporate bonds of BBMG Corporation ("**2009 BBMG Bond**") in open market, totaling RMB1,900,000,000 at a nominal interest rate of 4.32%. As stated in the issue prospectus, bond holders may exercise their sale back rights on 27 April 2014, being the 5-year maturity date. On 11 April 2014, the Company published a reminder through the website of China Bond (www.chinabond.com.cn) reminding investors of 2009 BBMG Bond (098064) to exercise their sale back rights. Of the total, the sale back rights of RMB1,370,000,000 worth of bonds were exercised, and the sale back rights of RMB530,000,000 worth of bonds were not exercised. In respect of the RMB1,370,000,000 worth of bonds on which sale back rights were exercised, the Company re-sold such bonds with the same nominal interest rate of 4.32% and an effective interest rate of 6.15% on 27 April 2014. The maturity date of the original RMB530,000,000 worth of bonds and the RMB1,370,000,000 worth of bonds re-sold is 27 April 2016.

Pursuant to the approval as considered and approved by the 2009 annual general meeting of the Company held on 29 June 2010, the Company intended to issue medium-term notes of no more than RMB3,400,000,000 with a maturity of 5 years. As at 8 September 2010, the registration for the issue of the medium-term notes was accepted by the National Association of Financial Market Institutional Investors pursuant to the Notice of Registration Acceptance (Zhong Shi Xie Zhu [2010] No.MTN89). According to the notice, the medium-term notes issued by the Company had a registered amount of RMB2,800,000,000 and a term of 2 years, and may be issued in tranches within the term. As at 29 September 2010, the Company issued the first tranche of medium-term notes totaling RMB2,000,000,000 with a term of 5 years and a nominal interest rate of 4.38%. As at 7 December 2010, the Company issued the second tranche of medium-term notes totaling RMB800,000,000 with a term of 5 years and a nominal interest rate of 5.85%.

As considered and approved by the 2011 annual general meeting of the Company held on 24 May 2012, the Company intended to issue debentures (including short-term financing bonds and medium-term notes) of no more than RMB3,000,000,000. According to the document (Zhong Shi Xie Zhu [2012] No.MTN241) issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of medium-term notes of 2012 totaling RMB2,000,000,000 with a term of 5 years and a nominal interest rate of 5.58% on 18 and 19 September 2012. According to the document (Zhong Shi Xie Zhu [2012] No. CP243) issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of short-term financing bonds of 2012 totaling RMB1,000,000,000 with a term of 365 days and a nominal interest rate of 4.80% on 18 September 2012.

As considered and approved by the 19th meeting of the second session of the Board held on 28 August 2012 and the first extraordinary general meeting in 2012 held on 26 October 2012, the Company intended to issue short-term financing bonds of no more than RMB7,600,000,000. Pursuant to the document Zhong Shi Xie Zhu [2013] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of short-term financing bonds of 2013 from 13 March to 19 March 2013, totaling RMB2,000,000,000 with a coupon of 4.27%, and issued the second tranche of short-term financing bonds of 2013 on 22 July 2013, totaling RMB1,000,000,000 with a coupon of 5.2%. Pursuant to the document Zhong Shi Xie Zhu [2014] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of short-term financing bonds of 2014 on 23 January 2014, totaling RMB2,600,000,000 with a coupon of 6.5%, issued the second tranche of short-term financing bonds of 2014 on 17 March 2014, totaling RMB2,000,000,000 with a coupon of 5.49%, and issued the third tranche of short-term financing bonds of 2014 on 4 May 2014, totaling RMB1,000,000,000 with a coupon of 5.35%.

Pursuant to the document Zhong Shi Xie Zhu [2013] No. MNT279 issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of medium-term notes of 2013 on 14 October 2013, totaling RMB1,500,000,000 with a term of 5 years and a coupon of 5.8%.

The interests of the above corporate bonds, medium-term notes and short-term financing bonds for the period were charged to interests payable.

16. LONG-TERM LOANS

Unit: RMB

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Mortgaged loans	**3,189,500,000.00**	2,648,000,000.00
Guaranteed loans *(Note 1)*	**2,055,920,000.00**	2,031,920,000.00
Credit loans	**2,370,000,000.00**	2,200,000,000.00
	7,615,420,000.00	6,879,920,000.00

Note 1: As at 30 June 2014, balance of RMB981,600,000.00 of the guaranteed loans (as at 31 December 2013: RMB827,600,000.00) was guaranteed by BBMG Group, while the remaining balance was guaranteed by entities within the Group.

Analysis of long-term loans by maturity:

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Due within 2 years	**5,024,420,000.00**	3,307,420,000.00
Due within 3 to 5 years (3 and 5 years inclusive)	**1,096,000,000.00**	3,562,500,000.00
Over 5 years	**1,495,000,000.00**	10,000,000.00
	7,615,420,000.00	6,879,920,000.00

As at 30 June 2014, there were no outstanding long-term loans that were due (as at 31 December 2013: Nil).

17. NET CURRENT ASSETS

Unit: RMB

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Current assets	**63,780,685,961.50**	60,157,225,599.42
Less: current liabilities	**49,399,408,003.04**	52,059,972,474.99
Net current assets	**14,381,277,958.46**	8,097,253,124.43

18. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Total assets	**102,853,846,309.95**	98,839,549,618.88
Less: current liabilities	**49,399,408,003.04**	52,059,972,474.99
Total assets less current liabilities	**53,454,438,306.91**	46,779,577,143.89

19. COMPARATIVE FIGURES

As described in note 2, the early adoption of certain Accounting Standards for Business Enterprises by the Group in 2013 resulted in the revision of the accounting treatment and the amounts presented of certain items in the financial statements to conform to the new requirements. Certain figures for previous periods have been adjusted accordingly and certain comparative figures have been reclassified and restated to conform to the requirements in presentation and accounting treatment for the current period.

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 2014, and the operating results of the Company during the said period for your review.

Interim Results

During the Reporting Period, the Company's operating revenue amounted to approximately RMB20,637.8 million, representing a year-on-year increase of approximately 1.2%; net profit attributable to the shareholders of the parent company was approximately RMB1,380.6 million, representing a year-on-year increase of approximately 6.3%; basic earnings per share was RMB0.30.

Business Environment

During the Reporting Period, the global economy saw a slowdown in growth momentum and the pressure for an economic downturn lingered. China's overall economy remained steady, as the industrial restructuring achieved progress while maintaining stability and industrial transformation and upgrade gathered strong momentum. Addressing the declining of China's high growth rate in fixed asset investment which resulted in the limited support for demand and significant contraction of market space, the Company proactively took measures to accelerate the transformation and upgrade and boost capital operations, achieving consistent and steady growth of overall operational efficiency by effectively offsetting the adverse impact through the improvement in the quality of economic operation.

Review

Confronting the complex and grim economic landscape, the Board of the Company seized development opportunities precisely by defining a clear direction for development, formulating development strategies in a scientific manner and fine-tuning the growth path, so as to rise to the challenges. By carrying forward the reform and development innovation as well as promoting clean production and industrial transformation and upgrade, the Company stepped up efforts to draw upon its leading advantages in strategic planning, resources integration, refined management and technological innovation, and maintained a steady and healthy growth in its operating results.

Adhering to the innovation-driven development model, the four major business segments of the Company overcame various challenges and difficulties during the Reporting Period as they adapted to macro-control and the drastic changes in the market. The Company, against the extremely fierce market competition, achieved steady progress in both economic growth and industrial upgrade, maintaining sound development in the four major business segments.

The cement and ready-mixed concrete segment capitalized on its advantage in strategic planning to accelerate transformation and upgrade, reinforce the control over strategic resources and boost market operations, leading to steady growth against the tightening of profit margins in the industry. The property development segment proactively adapted to the changing market and secured the overall profit growth by expediting the sales of inventory, capital collection and revenue recognition. The sound brand image of BBMG was further reinforced through the acceleration of the development, construction and sales of owner-occupied commodity housing (自住型商品房) projects. Adhering to the industrial park-based integrated pattern and the regional marketing mechanism, the modern building materials and commerce and logistics segment consistently enhanced its overall operation quality. The property investment and management segment continued its healthy development through the parallel improvement in project quality and service quality.

With notable improvement in scientific development and innovation momentum and faster pace of transformation and upgrade during the implementation of Beijing Clean Air Action Plan, the Company delivered better results of capital operations and resolved operational problems through refined management, thus securing the overall growth with better synergy.

Prospects

In the second half of 2014, along with the expedited adjustment and relocation of non-core functions of the capital city and the tightening pollution control measures taken by the government, the Company will lay down the path and create the environment for its high-efficiency and high-quality transformation and upgrade to further achieve breakthroughs and development. The accelerated planning on synergetic development of Beijing, Tianjin and Hebei and the synchronized development of Beijing and Tianjin will create not only new market space and new platform for the industrial transformation and upgrade of the Company but also new environment and new opportunities for the fast development of the relevant sectors at a later stage.

The Company will constantly carry forward industrial transformation and facilitate new progress in core businesses through energy conservation and emission reduction, resources integration and utilization, research and development in technology, as well as innovation momentum. The manufacturing segment will proactively adapt to the significantly higher standards for environmental protection and innovatively advance the industrial transformation, effectively carrying out the accelerated upgrade of the core industrial chain. By seizing the historic opportunity of the comprehensively deepening reform of state-owned enterprises, the Company will fully leverage on the favorable policies to facilitate the overall leap-forward development of the Company.

The Company will continue to elevate the standards of internal control and improve its corporate governance structure and control mechanism featuring coordinated operation, effective implementation and scientific check and balance so as to achieve efficient operation and sustainable development of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Information

Unit: RMB million

	For the six months ended 30 June		
	2014	2013	**Change**
	(Unaudited)	(Unaudited)	
Operating revenue	**20,637.8**	20,386.6	1.2%
Operating revenue from principal business	**20,350.2**	20,161.1	0.9%
Gross profit from principal business	**5,030.0**	4,272.5	17.7%
Gross profit margin from principal business (%)	**24.72**	21.19	an increase of 3.53 percentage points
Total profit	**2,086.7**	1,722.6	21.1%
Net profit	**1,516.8**	1,295.8	17.1%
Net profit attributable to the shareholders of the parent company	**1,380.6**	1,299.0	6.3%
Basic earnings per share (RMB)	**0.30**	0.30	–

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)	**Change**
Cash and bank balances	**7,125.8**	8,595.5	-17.1%
Current assets	**63,780.7**	60,157.2	6.0%
Current liabilities	**49,399.4**	52,060.0	-5.1%
Net current assets	**14,381.3**	8,097.3	77.6%
Non-current assets	**39,073.2**	38,682.3	1.0%
Non-current liabilities	**19,513.7**	16,754.3	16.5%
Total assets	**102,853.8**	98,839.6	4.1%
Equity attributable to the shareholders of the parent company	**30,080.0**	26,280.1	14.5%
Debt ratio (total liabilities to total assets)(%)	**67.0%**	69.6%	a decrease of 2.6 percentage points

Summary of Business Information

	For the six months ended 30 June **2014**	2013	**Change**
Cement and Ready-mixed Concrete Segment			
Sales volume of cement (in million tonnes)	**18.4**	16.4	12.2%
Sales volume of concrete (in million cubic metres)	**5.6**	5.5	1.8%
Modern Building Materials and Commerce and Logistics Segment			
Refractory materials (in thousand tonnes)	**94.7**	107.7	-12.1%
Property Development Segment			
Booked GFA (in thousand sq.m.)	**782.2**	434.9	79.9%
Contracted sales GFA (in thousand sq.m.)	**660.3**	952.9	-30.7%
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	**760.8**	760.8	0.0%

Given the complex and challenging economic conditions and competitive market environment in the first half of 2014, the Board of the Company adhered to scientific development as the main principle, accelerated transformation in development as the major direction and improved the quality and efficiency of economic development as the main task, enabling the Company to stay pragmatic yet innovative, make progress and achieve progress while maintaining stability, as well as realising a steady and sound growth in the overall economy of the Company.

During the Reporting Period, the Company recorded operating revenue of RMB20,637.8 million, representing a year-on-year increase of 1.2%, among which operating revenue from principal business amounted to RMB20,350.2 million, representing a year-on-year increase of 0.9%, total profit amounted to RMB2,086.7 million, representing a year-on-year increase of 21.1%, net profit amounted to RMB1,516.8 million, representing a year-on-year increase of 17.1%, and net profit attributable to the shareholders of the parent company amounted to RMB1,380.6 million, representing a year-on-year increase of 6.3%.

The four major business segments of the Company, namely cement and ready-mixed concrete, modern building materials and commerce and logistics, property development and property investment and management achieved relatively steady development:

- Operating revenue from the principal business of the cement and ready-mixed concrete segment increased by 5.4% to RMB5,790.5 million, with gross profit from principal business of RMB998.2 million, an increase of 6.3%;

- Operating revenue from the principal business of the modern building materials and commerce and logistics segment decreased by 22.4% to RMB5,807.4 million, with gross profit from principal business of RMB494.2 million, a decrease of 9.8%;

- Operating revenue from the principal business of the property development segment increased by 23.3% to RMB7,937.9 million, with gross profit from principal business of RMB2,904.8 million, an increase of 31.0%; and

- Operating revenue from the principal business of the property investment and management segment increased by 17.8% to RMB1,103.7 million, with gross profit from principal business of RMB674.4 million, an increase of 18.4%.

Analysis of the Operation of Business Segments

1. Cement and Ready-Mixed Concrete Segment

The segment continued to optimize the industrial layout, extend the industrial chain, enrich the essence of the "grand cross-shape" (大十字) strategy of the Company's cement and ready-mixed concrete segment, and steadily press ahead with the construction of building material bases in southern, central and northern Hebei Province, so as to constantly consolidate and expand its influence over regional markets. By making full use of the advantages of strategic layout, strengthening the control over strategic resources, making innovation on operational strategies, stepping up the momentum of market operation, enhancing refined management and cementing cost control, the Company's capability of sustainable development and market share of products witnessed continuous improvement, with its operating results maintaining at the leading position among its peers in the regional market. The Company took the lead to accelerate transformation and upgrading during the implementation of the clean air action plan and the relocation of non-core functions of the capital to surrounding regions. By stepping up efforts in technological innovation, industrial upgrade and upgrading of equipment, the Company enhanced the expansion of business fields related to environmental protection such as the synergistic use of cement kiln for the disposal of urban wastes, and the denitrification renovation of cement rotary kilns have been basically completed and material sealing have been implemented in almost all production lines. The Company has reduced energy consumption by 110,000 tonnes of standard coal equivalent and reduced NOx emissions by more than 4,000 tonnes per year, demonstrating the large scale state-owned industry group's commitment to serving as a role model.

In the first half of 2014, the cement and ready-mixed concrete segment recorded revenue from its principal business of RMB5,790.5 million, a year-on-year increase of 5.4%, with gross profit of RMB998.2 million, a year-on-year increase of 6.3%. The consolidated sales volume of cement and clinker amounted to 18.4 million tonnes, a year-on-year increase of 12.2%, among which cement sales volume was 14.8 million tonnes and clinker sales volume was 3.6 million tonnes, while the aggregate gross profit margin for cement and clinker was 15.94%, a year-on-year decrease of 0.09 percentage point. Sales volume of concrete totaled 5.6 million cubic meters, a year-on-year increase of 1.8%, while the gross profit margin for concrete was 11.71%, a year-on-year decrease of 1.57 percentage points.

2. *Modern Building Materials and Commerce and Logistics Segment*

Following the industrial park-based integrated pattern and the regional marketing mechanism, the segment carried out its production towards a park-based and integrated model supported by comprehensive auxiliary services, while extended its market reach to regional areas, Upholding the quantitative standard of becoming a leading player in the industry and leveraging on benchmark management, the segment centred on the principle of "consolidate development foundation, focus on principal business, expand market share, enhance profitability and improve internal control standard", which consistently enhanced the overall operation quality. The operation and development of the BBMG Dachang Modern Industrial Park and the BBMG Doudian Technology Park achieved the expected effects in industry clusters and advantages in synergistic development, leading to continuous enhancement of the industry matureness and market competitiveness. The commerce and logistics sector made prompt adjustment in response to macro-economic conditions and changes in business environment, and the expansion of its own traditional business and bulk materials business achieved satisfactory results.

In the first half of 2014, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of RMB5,807.4 million, a year-on-year decrease of 22.4%, while the gross profit amounted to RMB494.2 million, a year-on-year decrease of 9.8%.

3. *Property Development Segment*

By adhering to the adjustment to "two structures" (兩個結構) and the guideline of "accelerating cash flow" (好水快流), the segment, in response to the regulatory control over property market, promptly adjusted the sales strategy and accelerated capital turnover. The segment firmly grasped opportunities and took the initiative to speed up the planning and construction of owner-occupied commodity housing projects. The management and control system were also standardized to enhance projects' operating efficiency, thereby creating strong operating results. During the Reporting Period, the Company successfully won the rights to develop sizable commodity housing, affordable housing and owner-occupied commodity housing projects in Beijing. It also obtained land for development in other cities, including Shanghai and Chengdu. The development, construction and sales of two owner-occupied commodity housing projects in Beijing, namely "Jinyu Huixingyuan" (金隅匯星苑) and "Jinyu Huijingyuan" (金隅匯景苑) were under smooth progress, further consolidating BBMG's favourable brand image and strengthening the reputation and influence of BBMG's property development segment. Satisfactory sales performance was recorded for projects such as "Jinyu Lanwan" (金隅瀾灣) in Beijing, "Jinyu Mengcheng" (金隅夢城) in Ma'anshan, "Jinyu Dacheng Shidai Duhui" (金隅大成時代都匯) in Chongqing and "Jinyu Dachengjun" (金隅大成郡) in Chengdu.

In the first half of 2014, the property development segment recorded operating revenue from its principal business of RMB7,937.9 million, a year-on-year increase of 23.3%, while the gross profit was RMB2,904.8 million, a year-on-year increase of 31.0%. The booked GFA was 782.2 thousand sq.m, a year-on-year increase of 79.9%, among which booked GFA of commodity housing amounted to 349.4 thousand sq.m, a year-on-year decrease of 10.0%, and booked GFA of affordable housing amounted to 432.8 thousand sq.m, a year-on-year increase of 826.8%. Aggregated contracted sales area was 660.3 thousand sq.m., a year-on-year decrease of 30.7%, among which contracted sales area for commodity housing amounted to 540.3 thousand sq.m, a year-on-year decrease of 9.1%, and contracted sales area for affordable housing amounted to 120.0 thousand sq.m, a year-on-year decrease of 66.5%. As at the end of the Reporting Period, the Company had a land reserve totaling 4,898,000 sq.m.

4. *Property Investment and Management Segment*

The Company adhered to its strategy of developing real estate projects in Beijing, resulting in continued asset value appreciation and profitability growth. The segment achieved stable and healthy development, driven by efforts in enhancement of operational project management and service and project quality. Efforts were also made to make continuous innovation in operational model, adjust customer structure on an on-going basis, with steady growth of weighted average net rental under renewal tenancy of office buildings. The Company's property management unit continued to enhance its service management quality and launched more innovative services. The hotel and leisure sector enhanced brand building, timely adjusted its marketing strategies, proactively adapted to the market changes and adopted various measures to develop new customer resources, thus reaping the expected operating results. Leveraging on continuous optimization and integration, both the industrial property leasing sector and the community property management sector further enhanced the consolidated service capability, upgraded assets renovation and increased assets return, and gradually demonstrated the brand effects.

In the first half of 2014, the property investment and management segment recorded operating revenue from its principal business of RMB1,103.7 million, a year-on-year increase of 17.8%, while gross profit was RMB674.4 million, a year-on-year increase of 18.4%. As at the end of the Reporting Period, the Company had investment properties totaling 760,800 sq.m in the core districts of Beijing.

Investment properties held by the Group as at 30 June 2014

	Location	Usage	Property Gross Area *(thousand sq.m.)*	Fair Value *(RMB million)*	Rental Unit Price *(RMB/day)*	Average Occupancy Rate	Unit Fair Value *(RMB/sq.m.)*
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	105.5	2,679.2	10.4	81.8%	25,395.3
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	145.3	2,915.4	6.7	90.8%	20,064.7
Phase 3 of Global Trade Centre (Ground Floor Commercial)	North Third Ring Road, Beijing	Retail	61.1	1,024.4	6.6	96.6%	16,766.0
Tengda Plaza	West Second Ring Road, Beijing	Commercial	78.0	1,367.3	8.0	81.9%	17,529.5
Jin Yu Building	West Second Ring Road, Beijing	Commercial	44.0	936.6	8.0	87.7%	21,286.4
Jianda Building and Jiancai Jingmao Building	East Second Ring Road, Beijing	Commercial	47.6	1,125.3	4.6	88.8%	23,640.8
Dacheng International Centre	East Fourth Ring Road, Beijing	Commercial	41.9	562.3	9.0	96.7%	13,420.1
	Sub-total		523.4	10,610.5			
Other properties	Beijing Municipality	Commercial and retail	237.4	3,202.5			
	Total		760.8	13,813.0			18,155.9

Analysis of Income Statement and Cash Flows Items

1. Gains from changes in fair value of investment properties

The Company conducted a subsequent measurement of the investment properties at fair value at the end of the Reporting Period. Changes in fair value are recognised in "gains from changes in fair value" in the income statement. The fair value is valued by an independent valuer based on the prices in the open market on a regular basis.

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

During the Reporting Period, the gains from changes in fair value of investment properties of the Company were RMB267.1 million, accounting for 12.8% of the profit before tax. The year-on-year decrease of gains from changes in fair value of investment properties of 16.6% during the Reporting Period was mainly due to a downward adjustment to the gains from changes in fair value of the investment properties by the valuer as a result of a year-on-year decrease in rental growth of investment properties in the open market during the Reporting Period.

2. *Selling expenses, administrative expenses and finance cost*

During the Reporting Period, the expenses incurred by the Group remained basically stable and saw a year-on-year growth due to business expansion.

(1) Selling expenses were RMB687.3 million in the first half of 2014, an increase of RMB6.4 million year-on-year, remaining relatively flat as compared with the corresponding period of last year.

(2) Administrative expenses were RMB1,453.1 million in the first half of 2014, an increase of RMB92.8 million year-on-year. Such increase was mainly attributable to a year-on-year increase in labor costs, repair expenses and sewage fees.

(3) Finance costs were RMB593.3 million in the first half of 2014, an increase of RMB140.3 million year-on-year. Such increase was mainly attributable to a year-on-year increase in borrowings.

3. *Cash flows*

In the first half of 2014, a net decrease of RMB1,495.1 million in cash and cash equivalents was recognised in consolidated financial statements of the Group. Of which, net cash outflow generated from operating activities was RMB5,073.8 million; net cash outflow generated from investment activities was RMB641.1 million; net cash inflow generated from financing activities was RMB4,220.1 million; and the effect of changes in exchange rate on cash and cash equivalents decreased by RMB0.3 million.

CORE COMPETENCE ANALYSIS

The Company is one of the 12 large cement enterprises that received key support from the Central Government, and the biggest cement and concrete manufacturer and supplier in the region covering Beijing, Tianjin and Hebei Province. Benefiting from the unique geographical advantages of Beijing, Tianjin and Hebei Province, the synergetic development of Beijing, Tianjin and Hebei Province and the synchronized development of Beijing and Tianjin, the Company has developed notable edges in regional scale and market dominance, and has become a leading cement enterprise which is devoted to low-carbon, environmental protection, energy-saving and emission reduction initiatives, as well as development of the circular economy. As one of the largest affordable housing developers in Beijing, the Company owns low-cost land reserve for property development and abundant industrial land reserve in first-tier cities. Also, the Company is a leading supplier of green, eco-friendly and energy-saving building materials in the Pan Bohai region and is one of the largest holders and managers of investment properties in Beijing. The four major business segments of the Company have witnessed strong growth and synergetic development by extending their principal businesses to more than 20 provinces, cities and regions in the PRC.

The core competitiveness of the Company is detailed as follows:

1. Competitive Edge in the Industrial Chain: The Company develops a core industrial chain in the form of "cement and ready-mixed concrete – modern building materials and commerce and logistics – property development – property investment and management", resulting in a unique development model with all four major business segments incorporated. With acceleration of industrial transformation and upgrading, the cement industry has turned from a grey industry to a green one, while the industry's development layout has shifted from single products to a comprehensive industrial chain. By leveraging the advantages accumulated in the manufacture of green building materials, the Company extends its industrial chain upward and downward and expands toward property development. While focusing on business collaboration and high-end development, the Company has developed toward the modern service sector, including modern property management services and financial services. The Company has also evolved its edge in modern service sector through "Jingmaotong" (京貿通), the first foreign trade comprehensive services integrated platform in Beijing. The overall advantage stands out with prominent inter-segmental synergy. With industrial chain as the core, the advantages of scale, synergy and integration of the Company have witnessed continuous enhancement.

2. Competitive Edge in Technology R&D: The Company continues to enhance its investment in technology R&D to ensure the smooth advancement of each technology innovation project. In respect of technologies, the Company has a sharp edge in the industry which provides the Company with an enduring momentum. The Company was recognized as a high-tech enterprise in Zhongguancun National Independent Innovation Demonstration Zone (中關村國家自主創新示範區), and has obtained the approval to establish science association and academician expert service centre. The Company's technology center passed the re-evaluation for national enterprise technology center with outstanding results. BBMG Academia Sinica (金隅中央研究院) was approved as a post-doctoral scientific research workstation, and enterprises including Academy of Scientific Research (科研總院) was approved as Beijing International Science and Technology Cooperation Base. The Company invested nearly RMB300 million in technology R&D in the first half of 2014, representing a year-on-year increase of 8.3%. The Company has applied for 21 patents. More than 20 key technological projects were under smooth progress. The establishment of Engineering Research Centre for Energy-conservation and Environmental-protection Technology of Cement Industry and the Dachang Industrial Park Branch of BBMG Academia Sinica (金隅中央研究院) by the Company has created more favourable conditions for further expediting the industrial transformation and upgrading as well as the building of better innovation-driven patterns. The Company has stepped up its support for technological innovation as well.

3. Competitive Edge in Sustainable Development of Green Operations: Based on the integration of Beijing, Tianjin and Hebei Province and the objective of developing "people-oriented Beijing, high-tech Beijing and green Beijing" (人文北京、科技北京、綠色北京), the Company adapted to the capital's positioning of core functions by putting more efforts in developing circular economy and low-carbon economy and establishing a sound system for environmental management, with an aim to accelerate its pace towards transformation and upgrading and embark on a sustainable path for green development. As one of the nation's first pilot enterprises to develop the circular economy, the Company cooperates with the government to build a garbage pollution-free city by promoting the circular economy model with "resources-products-wastes-renewable resources" (資源－產品－廢棄物－再生能源) as its core procedure. The Company has accumulated a wealth of experience in the synergetic use of cement kiln for the disposal of waste and has developed a comprehensive scientific research system that focuses on hazard-free disposal of urban waste. In addition, the Company independently developed, built and operated a number of environmental protection facilities, including the nation's first demonstration line of utilizing cement kiln for hazard-free disposal of industrial solid waste, the nation's first production line of applying the synergetic use of cement kiln for the disposal of fly ashes from garbage incineration, and an integrated treatment center for hazardous waste which is equipped with the nation's most advanced technology and facilities under the most comprehensive system. With the qualification and capacity to dispose of more than 200,000 tonnes of sludge, tens of thousands of tonnes of fly ashes and 43 types of hazardous waste per year, the Company is in charge of disposal of around 90% of hazardous waste in Beijing. The Company continues to launch new building material products, including ready-mixed mortar, modern unshaped refractories, heat-preservation materials in external walls such as glass wool and rock wool, and high-grade wooden doors and windows. These products are environmental-friendly, energy-saving and low-carbon with heat-insulation, heat-preservation and fireproof features, which maximized the Company's economic and resource usage efficiencies. As a result, the Company has made significant contributions to urban development, environmental safety and social harmony, and became the first cement enterprise which received the "China's Environment Award" (中華環境獎), a distinctive honor in the environmental protection field. The Company was the only enterprise to win the "Green Ecology Media Award" (綠色生態傳媒大獎) under the Beijing Influence Award (北京影響力). Subsidiaries of the Company including Beijing Xinbeishui Cement Co., Ltd., Beijing Liulihe Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd. were among the first batch of enterprises recognized as "Energy Conservation and Emission Reduction Demonstration Enterprises" in the building material sector.

4. Competitive Edge in Industry-Finance Integration: The establishment and operation of the finance company marks a significant step for the Company as its capital operational capacity and capability enter a new stage. The finance company offers a new platform to enhance BBMG's overall capital operational efficiency, diversify financing channels and prevent capital risks, facilitating the organic integration between industry capital and financial capital. By broadly cooperating with banks and financial institutions, the Company explores and adopts a wide variety of financing methods, including non-public offering, corporate bonds and convertible bonds. The multi-level and multi-channel financing approach effectively improves

capital operational capacity and management efficiency, and further reduces corporate financing costs. During the first half of 2014, the Company completed its non-public offering of A Shares and raised funds of approximately RMB2.8 billion. The Company extended the maturity of bonds of approximately RMB1.324 billion by successfully reselling the portion of "2009 BBMG Bond" which sold back by investors at a lower rate as compared to bonds of the same category with the same maturity. During the Reporting Period, the Company further diversified the investment methods for overall development, expanded the financing channels and further strengthened capital protection.

5. Competitive Edge in Corporate Culture and Branding: The Company effectively achieves overall development by establishing a scientific model for the control and management of corporate culture and improving the management procedures of the same. Standing on the strategic highland, the Company reviews its corporate culture construction from a macro perspective and forms basic framework and pattern for culture construction which is in line with the principle of "showing personality while obtaining general acceptance among employees, embracing core tasks while delivering results as soon as possible" (突出自身特色，員工普遍認同，圍繞中心任務，盡快見到成效). The core essence of BBMG's corporate culture is composed of human spirits of "three emphasis and one endeavor" (三重一爭), "integration, communion, mutual benefit and prosperity" (共融、共享、共贏、共榮) and "eight specials" (八個特別). Following historical accumulation and innovation over more than half a century, the corporate culture is the philosophical summary of the entire BBMG employees' tremendous efforts and implementation of reform and development. BBMG's brand value has exceeded RMB20 billion and "BBMG" has been consecutively honored the well-known trademark in Beijing. The unique culture raises the brand awareness and prestige of BBMG. The continuous growth in corporate culture has created a sound cultural atmosphere and intelligence support for the materialization of development vision and objectives of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group's consolidated total assets amounted to RMB102,853.8 million, an increase of 4.1% from the beginning of the Reporting Period which were financed by total liabilities of RMB68,913.1 million, minority interests of RMB3,860.7 million and total equity attributable to the shareholders of the parent company of RMB30,080.0 million. The asset quality of the Group was significantly improved; total shareholders' equity amounted to RMB33,940.8 million, an increase of 13.0% from the beginning of the Reporting Period. As at 30 June 2014, the Group's net current assets were RMB14,381.3 million, an increase of RMB6,284.0 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 67.0%, a decrease of 2.6 percentage points from the beginning of the Reporting Period.

As at 30 June 2014, the Group's cash and bank balances amounted to RMB7,125.8 million, a decrease of RMB1,469.7 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 2014, the Group's interest-bearing bank borrowings amounted to RMB20,405.5 million (as at 31 December 2013: RMB21,692.9 million) and bore fixed interest rate. Of these borrowings, approximately RMB12,790.1 million interest-bearing bank borrowings were due for repayment within one year, a decrease of approximately RMB2,022.9 million from the beginning of the Reporting Period. Approximately RMB7,615.4 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB735.5 million from the beginning of the Reporting Period.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. The Company has sufficient capital for its operation. As at 30 June 2014, the Group has no future plans for material investments or capital assets.

MATERIAL CONTRACTS

On 5 September 2013, the Board approved the proposed non-public issue and placing of not more than 500,903,224 A Shares (the "**Proposed Placing**") at the subscription price of RMB5.58 per share by the Company to two target subscribers including BBMG Group and Beijing Jingguofa Equity Investment Fund (Limited Partnership) (the "**Fund**") (the "**Parent Subscription**" and the "**Fund Subscription**"). Each of BBMG Group and the Fund has conditionally agreed to subscribe for 448,028,673 A Shares and 52,874,551 A Shares to be issued by the Company at a total consideration of approximately RMB2,500 million and RMB295 million respectively.

Assuming no further shares was issued by the Company prior to the completion of the Proposed Placing, the Parent Subscription and the Fund Subscription, upon completion of the Proposed Placing, the Parent Subscription and the Fund Subscription, the interests held by BBMG Group, the Fund and parties acting in concert with any of them (the "**Combined Concert Group**") would increase from 43.07% to 49.03% of the total issued share capital of the Company as enlarged by the issue of A Shares under the Proposed Placing, the Parent Subscription and the Fund Subscription. The Combined Concert Group would, in the absence of the whitewash waiver (the "**Whitewash Waiver**"), be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Code on Takeovers and Mergers (the "**Takeovers Code**") as a result of the Proposed Placing, the Parent Subscription and the Fund Subscription.

A formal application has been made by the Combined Concert Group to the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director (the "**Executive**") for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, was subject to, among other things, the approval by the Independent Shareholders at the Extraordinary General Meeting held on 30 October 2013 (the "**EGM**") by way of poll. It was a condition precedent to completion of the Proposed Placing, the Parent Subscription and the Fund Subscription that the Whitewash Waiver was granted by the Executive.

On 10 October 2013, the Company was notified by BBMG Group that it has received on 10 October 2013 the approval from Beijing SASAC as to the Proposed Placing of the Company and therefore, one of the conditions precedent of the Proposed Placing, the Parent Subscription and the Fund Subscription has been fulfilled.

On 15 October 2013, the Executive has indicated that it has agreed, subject to the approval by the Independent Shareholders at the EGM by way of poll, to waive the Combined Concert Group from any obligation to make a general offer for all the shares under Rule 26 of the Takeovers Code as a result of the Proposed Placing, the Parent Subscription and the Fund Subscription.

At the EGM, all the relevant resolutions regarding the Proposed Placing, the Parent Subscription, the Fund Subscription and the Whitewash Waiver were duly passed.

As the Whitewash Waiver was granted by the Executive and the conditions imposed thereon are being fulfilled, the Proposed Placing, the Parent Subscription or the Fund Subscription would proceed as scheduled. In such case, the requirement of the Combined Concert Group to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of the Proposed Placing, the Parent Subscription and the Fund Subscription would not be triggered.

On 7 March 2014, the Company received approval from CSRC for the Proposed Placing and therefore, all of the conditions precedent of the Proposed Placing, the Parent Subscription and the Fund Subscription have been fulfilled. After completion of the requisite procedures, the issue of A Shares under the Proposed Placing, the Parent Subscription and the Fund Subscription was completed on 26 March 2014.

After completion of the issuance of A Shares, the total assets and net assets of the Group have increased substantially, and the capital strength of the Group has been improved. The gearing ratio of the Group further decreased, which is conducive to rationalizing its capital structure, minimizing its financial risks and enhancing its solvency. The net proceeds of approximately RMB2,774.7 million raised will be used for the development of the modern building materials and commerce and logistics segment of the Company. The competitiveness of the modern building materials and commerce and logistics segments will be further enhanced.

COMMITMENTS

Unit: RMB

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Acquisition or construction of fixed assets which is contracted but not completed	**294,820,297.23**	163,519,660.43
Property development contracts which are contracted and being executed or will be executed	**13,401,555,829.35**	5,767,254,870.36
	13,696,376,126.58	5,930,774,530.79

The significant commitments made by the Group as at 31 December 2013 have been duly performed as previously undertaken.

CONTINGENCIES

Unit: RMB

		As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Provision of guarantee to the parent company	*Note 1*	**800,000,000.00**	800,000,000.00
Provision of guarantee to third parties	*Note 2*	**8,776,933,780.58**	4,301,550,334.04
		9,576,933,780.58	5,101,550,334.04

Note 1: Being the guarantee provided by BBMG Hongye Ecological Science and Technology Co., Ltd., a subsidiary of the Group, to the parent company.

Note 2: 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. The Directors are of the opinion that in the event of default in payments, the net realizable value of the relevant properties is sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

EMPLOYEES

As at 30 June 2014, the Group had 29,021 employees in total (as at 31 December 2013: 28,790). 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 2014, certain of the Group's cash and bank balances, inventories, fixed assets and investment properties amounting to approximately RMB7,422.9 million (as at 31 December 2013: RMB6,316.5 million) were pledged to certain banks for securing the loans granted to the Group and the corporate debentures issued by BBMG Group Company Limited and accounted for approximately 7.22% of the total assets of the Group (as at 31 December 2013: 6.39%).

TREASURY POLICIES

The Group adopts conservative treasury policies, controls tightly over its cash and carries out risk management in a stringent manner. The Group's cash and bank balances 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 2014, the total issued share capital of the Company was 4,784,640,284 shares, of which 3,615,257,849 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	2,292,881,099	63.42	47.92
A Shares	China National Materials Co., Ltd.	Directly and Beneficially Owned	239,580,000	6.63	5.01
H Shares	JPMorgan Chase & Co.	Directly and Beneficially Owned	103,148,860	8.82	2.16
H Shares	BlackRock, Inc.	Directly and Beneficially Owned	83,493,267	7.14	1.75
H Shares	Sloane Robinson LLP	Directly and Beneficially Owned	70,497,000	6.03	1.47
H Shares	Newberger Berman Group LLC	Directly and Beneficially Owned	59,006,000	5.05	1.23

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 2014, 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 2014, none of the Directors, supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures 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), that was required 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 were 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 were 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 2014, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Required Standard during the six months ended 30 June 2014. 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 2014.

CORPORATE GOVERNANCE CODE

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate administration. The Board continuously observes the principles of good corporate governance in the interests of shareholders and devotes considerable effort identifying and formalizing best practice. The Board is of the opinion that, for the six months ended 30 June 2014, the Company had complied with all the applicable code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

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 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 26 August 2014, the Audit Committee had reviewed the unaudited interim consolidated financial statements for the six months ended 30 June 2014. 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 2014 and recommended their adoption by the Board.

As at the date of this announcement, members of the Audit Committee are Mr. Zhang Chengfu (independent non-executive Director), Mr. Yu Kaijun (non-executive Director), Mr. Xu Yongmo (independent non-executive Director), Mr. Yip Wai Ming (independent non-executive Director) and Mr. Wang Guangjin (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/listco). The 2014 interim financial report of the Company for the six months ended 30 June 2014 prepared in accordance with the Chinese Accounting Standards for Business Enterprises, 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 PRC domestic interim results report for the six months ended 30 June 2014 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/listco) around the same time as this interim results announcement.

By order of the Board
BBMG Corporation*
Jiang Weiping
Chairman

Beijing, the PRC, 26 August 2014

As at the date of this announcement, the executive Directors of the Company are Jiang Weiping, Jiang Deyi, Shi Xijun, Zang Feng, Wang Hongjun and Wang Shizhong; the non-executive Director of the Company is Yu Kaijun; and the independent non-executive Directors of the Company are Zhang Chengfu, Xu Yongmo, Yip Wai Ming and Wang Guangjin.

* *For identification purposes only*