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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- Operating revenue of RMB40,925.3 million, decreased by 0.8% from 2014
- Gross profit margin from principal business of 25.3%, increased by 1.5 percentage points from 2014
- Net profit of RMB1,951.1 million, decreased by 28.0% from 2014
- Net profit attributable to the shareholders of the parent company of RMB2,017.5 million, decreased by 16.7% from 2014
- Core net profit attributable to the shareholders of the parent company (excluding the after tax net fair value gains on investment property) of RMB1,565.8 million, decreased by RMB385.7 million or 19.8% from 2014
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.42
- The Board proposed a final dividend of RMB0.03 per share for the year ended 31 December 2015
- The Board proposed to issue a total of 5,338,885,567 Bonus Shares of the Company in the total amount of RMB5,338,885,567 by way of conversion of capital reserve on the basis of ten (10) Bonus Shares for every ten (10) existing Shares of the Company. The Bonus Shares are expected to commence listing and dealing on the Hong Kong Stock Exchange on 20 June 2016
- The H Shares are currently traded in board lots of 500 H Shares each. The board lot size of the H Shares for trading on the Hong Kong Stock Exchange is proposed to be changed from 500 H Shares to 1,000 H Shares, subject to the fulfillment of conditions for the issue of Bonus Shares

* *For identification purposes only*

ANNUAL RESULTS

The board of directors (the "**Board**") of BBMG Corporation* (the "**Company**" or "**BBMG**") is pleased to present the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 (the "**Reporting Period**") together with the comparative figures for the year of 2014. These results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

RESULTS OF OPERATIONS

For the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB2,017.5 million, representing a decrease of approximately 16.7% over the last year; basic earnings per share was approximately RMB0.42 (for the year ended 31 December 2014: RMB0.52), representing a decrease of RMB0.10 over the last year; total equity attributable to the shareholders of the parent company was RMB38,083.0 million as at the end of the Reporting Period, representing an increase of approximately RMB6,975.7 million at the beginning of the Reporting Period; and net asset value per share attributable to the shareholders of the parent company as at the end of the Reporting Period was approximately RMB7.13, representing an increase of approximately RMB0.63 from the beginning of the Reporting Period.

DIVIDEND

The Board recommended a final dividend of RMB0.03 per share for the Reporting Period (for the year ended 31 December 2014: RMB0.05), subject to approval by the shareholders at the forthcoming annual general meeting to be held on 18 May 2016 (Wednesday) (the "**AGM**").

Subject to and upon the approval of the shareholders at the forthcoming AGM, the final dividend for the Reporting Period is expected to be distributed on or around 18 July 2016 (Monday) to the holders of H shares whose names appear on the register of members on 31 May 2016 (Tuesday) (the "**Record Date**"). According to the Law on Enterprise Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations shall be deemed as shares held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the enterprise income tax. The Company will not withhold individual income tax in respect of the dividends payable to any natural person shareholders whose names appear on the Company's H share register of members on the Record Date.

The Company will withhold payment of the enterprise income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the Company's H share register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding of enterprise income tax.

Profit Distribution for Investors of Northbound Trading

For investors through The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") (including enterprises and individuals) investing in the A Shares of the Company listed on the Shanghai Stock Exchange (the "**Northbound Trading**"), their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such Shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of tax residency is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded to those enterprises and individuals by the tax authorities.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Northbound Trading will be the same as those for the holders of A Shares.

Profit Distribution for Investors of Southbound Trading

For investors through the Shanghai Stock Exchange (including enterprises and individuals) investing in the H Shares listed on Hong Kong Stock Exchange (the "**Southbound Trading**"), in accordance with the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading (港股通H股股票現金紅利派發協議) to be signed between the Company and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H Shares for Southbound Trading, will receive cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depositary and clearing system.

The cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares.

PROPOSED ISSUE OF SHARES BY WAY OF CONVERSION OF CAPITAL RESERVE

The Board proposed to issue a total of 5,338,885,567 bonus shares of the Company ("**Bonus Shares**") in the total amount of RMB5,338,885,567 by way of conversion of capital reserve on the basis of ten (10) Bonus Shares for every ten (10) existing shares of the Company ("**Shares**").

The Bonus Shares will be issued on a pro-rata basis and any fractional Shares (if any) will be rounded down to the nearest whole unit.

The issue of Bonus Shares (the "**Bonus Issue**") is subject to the following conditions:

(i) approval from the shareholders of the Company at the AGM;

(ii) The Hong Kong Stock Exchange granting the listing of, and permission to deal in, the new H Shares to be allotted and issued under the Bonus Issue; and

(iii) compliance with the relevant legal procedures and requirements under the Company Law of People's Republic of China to effect the Bonus Issue.

Subject to and upon the approval of the shareholders at the forthcoming AGM, the Bonus Shares are expected to be issued and despatched on or around 17 June 2016 (Friday) to H shareholders whose names appear on the Company's H share register of members on 31 May 2016 (Tuesday). The Bonus Shares are expected to commence listing and dealing on the Hong Kong Stock Exchange on 20 June 2016.

A circular containing details of the proposed Bonus Issue will be despatched to shareholders as soon as practicable.

CHANGE IN BOARD LOT SIZE

The H Shares are currently traded in board lots of 500 H Shares each. The board lot size of the H Shares for trading on the Hong Kong Stock Exchange is proposed to be changed from 500 H Shares to 1,000 H Shares with effect from the expected first day of listing of, and dealing in the Bonus Shares, subject to the fulfillment of the conditions of the Bonus Issue (the "**Change in Board Lot Size**").

Reason for Change in Board Lot Size

Based on the closing price of HK$5.59 per H Share as quoted on the Hong Kong Stock Exchange on 23 March 2016 (equivalent to a theoretical ex-entitlement price of HK$2.795 per H Share upon the allotment and issue of the Bonus Shares), the market value of each board lot of 500 Shares is approximately HK$2,795.0 and the market value of each board lot of 500 H Shares upon the allotment and issue of the Bonus Shares is estimated to be approximately HK$1,397.5.

In order to comply with the requirements of the Hong Kong Stock Exchange for the minimum value of HK$2,000 of each board lot of the H Shares upon completion of the Bonus Issue, the Company proposes to conduct the Change in Board Lot Size.

With the Change in Board Lot Size, the market value of each board lot of 1,000 H Shares (instead of 500 H Shares) is estimated to be approximately HK$2,795.0, based on the theoretical ex-entitlement price of HK$2.795 per H Share upon the allotment and issue of the Bonus Shares.

Odd lot arrangement

The Change in Board Lot Size will not result in any odd lots other than those already exist, as one existing board lot of 500 H Shares will become one new board lot of 1,000 H Shares after the allotment and issue of the Bonus Shares.

Share certificates

All existing share certificates in board lot of 500 shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in the Board Lot Size, and therefore no arrangement for free exchange of existing share certificates in the board lot size of 500 shares to new share certificates in the board lot size of 1,000 shares is necessary.

CONSOLIDATED INCOME STATEMENT

Unit: RMB

	Notes	**For the year ended 31 December 2015 Audited**	For the year ended 31 December 2014 Audited
Operating revenue	*4*	**40,925,340,861.40**	41,241,473,853.97
Less: Operating costs	*5*	**30,526,041,342.13**	31,272,820,459.85
Business tax and surcharges		**2,178,441,374.93**	1,789,409,056.80
Selling expenses	*6*	**1,546,158,440.90**	1,521,568,509.32
Administrative expenses	*7*	**2,973,810,596.33**	2,886,604,421.20
Finance costs	*8*	**1,335,546,194.47**	1,209,437,114.59
Asset impairment losses		**447,911,026.68**	210,438,063.48
Add: Gains from changes in fair value		**602,186,288.95**	628,288,802.13
Investment gains/(losses)		**(17,625,136.86)**	(28,439,683.58)
Including: Share of gains/(losses) of associates and joint ventures		***(17,693,887.39)***	*(28,449,783.58)*
Operating profit		**2,501,993,038.05**	2,951,045,347.28
Add: Non-operating revenue	*4*	**742,138,704.67**	903,990,939.46
Including: Gains from disposal of non-current assets		***12,401,002.69***	*140,661,272.43*
Less: Non-operating expenses	*5*	**61,477,248.64**	51,691,143.61
Including: Loss on disposal of non-current assets		***37,467,850.47***	*12,792,410.98*
Total profit		**3,182,654,494.08**	3,803,345,143.13
Less: Income tax expenses	*9*	**1,231,586,696.28**	1,094,373,054.86
Net profit		**1,951,067,797.80**	2,708,972,088.27
Net profit attributable to the shareholders of the parent company		**2,017,453,761.39**	2,422,721,815.83
Minority interests		**(66,385,963.59)**	286,250,272.44
Earnings per share	*10*		
Basic earnings per share (RMB/share)		**0.42**	0.52
Diluted earnings per share (RMB/share)		**0.42**	0.52

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Unit: RMB

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Net other comprehensive income after tax		
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	**(32,351,891.00)**	(36,280,233.00)
Other comprehensive income to be reclassified into profit or loss upon satisfaction of specified conditions in subsequent accounting period		
Exchange differences on foreign currency translation	**3,599,307.10**	(86.87)
Net other comprehensive income after deducting Impact of income tax	**(28,752,583.90)**	(36,280,319.87)
Net other comprehensive income after tax attributable to minority interests	**–**	–
Total comprehensive income	**1,922,315,213.90**	2,672,691,768.40
Including: *Total comprehensive income attributable to the shareholders of the parent company*	***1,988,701,177.49***	*2,386,441,495.96*
Total comprehensive income attributable to minority interests	**(66,385,963.59)**	286,250,272.44

CONSOLIDATED BALANCE SHEET

Unit: RMB

	Note	**As at 31 December 2015 Audited**	As at 31 December 2014 Audited
Assets			
Current Assets			
Cash and bank balances		**18,369,880,691.10**	10,980,171,602.68
Bills receivable		**2,197,924,429.70**	2,651,027,709.78
Accounts receivable	*12*	**6,882,068,508.58**	5,404,832,534.14
Prepayments		**3,615,007,054.08**	3,526,981,050.00
Interest receivable		**6,716,763.51**	2,641,275.74
Dividends receivable		**3,922,700.00**	2,190,000.00
Other receivables		**1,998,699,709.21**	1,875,875,683.44
Inventories		**54,007,187,185.94**	48,853,159,420.39
Other current assets		**2,254,225,698.11**	1,721,926,542.06
Total current assets		**89,335,632,740.23**	75,018,805,818.23
Non-current assets			
Available for sale financial assets		**604,367,250.00**	1,105,113,250.00
Long-term equity investments		**305,693,498.67**	313,866,323.17
Investment properties		**14,444,803,327.98**	14,051,809,039.03
Fixed assets		**18,141,169,689.04**	18,021,194,232.60
Construction in progress		**1,249,188,812.32**	834,891,670.62
Construction materials		**7,281,479.06**	10,744,028.39
Intangible assets		**4,087,252,597.86**	3,977,201,603.72
Goodwill		**258,366,898.28**	261,109,608.57
Long-term deferred expenditures		**404,769,379.15**	289,777,104.17
Deferred income tax assets		**1,423,631,430.99**	1,400,919,003.46
Other non-current assets		**484,547,210.58**	399,538,994.71
Total non-current assets		**41,411,071,573.93**	40,666,164,858.44
Total assets		**130,746,704,314.16**	115,684,970,676.67

CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	Notes	**As at 31 December 2015 Audited**	As at 31 December 2014 Audited
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*13*	**16,805,996,379.53**	11,635,636,481.02
Bills payable		**436,477,804.74**	237,215,529.94
Accounts payable	*14*	**8,625,713,523.10**	9,297,548,205.02
Receipts in advance		**19,034,031,504.51**	16,529,668,285.63
Wages payable		**118,602,647.04**	124,579,259.90
Tax payable		**1,464,513,273.35**	819,948,626.81
Interest payable		**429,133,043.75**	493,293,223.16
Dividends payable		**55,274,219.13**	55,522,242.70
Other payables		**3,078,563,379.11**	3,078,343,439.23
Short-term financing bonds payable	*15*	**6,000,000,000.00**	6,600,000,000.00
Non-current liabilities due within one year		**3,907,504,794.13**	6,116,513,981.62
Other current liabilities		**5,230,763,450.32**	4,525,386,360.91
Total current liabilities		**65,186,574,018.71**	59,513,655,635.94
Non-current liabilities			
Long-term loans	*16*	**6,888,600,000.00**	6,779,500,000.00
Bonds payable	*15*	**12,000,000,000.00**	9,069,911,156.24
Long-term payables		**19,054,327.53**	22,209,372.56
Long-term wages payable		**457,687,351.00**	444,185,934.00
Accrued liabilities		**136,446,352.28**	101,078,282.54
Deferred income		**628,921,179.69**	641,674,749.80
Deferred income tax liabilities		**2,645,986,691.73**	2,551,167,406.15
Other non-current liabilities		**601,559,996.42**	314,199,998.01
Total non-current liabilities		**23,378,255,898.65**	19,923,926,899.30
Total liabilities		**88,564,829,917.36**	79,437,582,535.24

CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Equity attributable to shareholders		
Share capital	**5,338,885,567.00**	4,784,640,284.00
Other equity instruments	**990,000,000.00**	–
Capital reserve	**11,579,704,575.56**	7,898,685,039.67
Other comprehensive income	**206,047,349.73**	234,799,933.63
Specific reserve	**8,896,481.87**	7,925,485.30
Surplus reserve	**1,053,285,969.67**	828,495,276.27
General risk reserve	**59,993,193.86**	37,637,667.87
Retained earnings	**18,846,160,038.86**	17,315,084,511.06
Total equity attributable to the shareholders of the parent company	**38,082,973,176.55**	31,107,268,197.80
Minority interests	**4,098,901,220.25**	5,140,119,943.63
Total equity attributable to shareholders	**42,181,874,396.80**	36,247,388,141.43
Total liabilities and equity attributable to shareholders	**130,746,704,314.16**	115,684,970,676.67

NOTES:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 specific accounting standards, implementation guidance, 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.

2. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The specific accounting policies and accounting estimation has been prepared by the Group based on actual production and operation characteristics, as mainly embodied in the provision for bad debt of accounts receivable, inventory valuation method, the useful live and residual values of fixed assets, classification between investment properties and inventories, classification between investment properties and fixed assets, land appreciation tax, the recognition and allocation of development costs on properties under construction.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted 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 segment liabilities exclude unallocated assets and liabilities of the headquarters as these assets and liabilities are under the unified management of 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.

Unit: RMB

For the year ended 31 December 2015

	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	11,078,267,328.17	10,155,046,147.76	17,180,705,065.63	2,511,322,319.84	-	-	40,925,340,861.40
Revenues from inter-segment transactions	59,153,776.53	317,529,257.97	-	468,627,182.44	-	(845,310,216.94)	-
	11,137,421,104.70	10,472,575,405.73	17,180,705,065.63	2,979,949,502.28	-	(845,310,216.94)	40,925,340,861.40
Gains/(losses) on investment in joint ventures and associates	(2,775,530.35)	(15,148,141.83)	-	229,784.79	-	-	(17,693,887.39)
Losses from impairment of assets	114,529,776.60	36,075,195.31	276,632,831.30	17,930,513.18	2,742,710.29	-	447,911,026.68
Depreciation and amortisation	1,199,778,836.27	130,395,316.06	11,273,660.10	137,814,660.46	25,333,873.28	-	1,504,596,346.17
Total profits	(432,440,083.28)	(68,171,041.60)	2,945,748,899.31	1,737,668,939.01	(860,626,159.34)	(139,526,060.02)	3,182,654,494.08
Income tax expense	27,446,171.01	64,464,542.21	950,632,462.47	439,081,575.44	(215,156,539.84)	(34,881,515.01)	1,231,586,696.28
Total assets	28,812,152,059.53	10,742,671,989.82	70,058,681,582.22	29,667,280,070.55	2,178,108,681.75	(10,712,190,069.71)	130,746,704,314.16
Total liabilities	14,619,728,554.24	5,514,503,755.74	59,507,748,947.78	7,866,407,764.49	12,143,033,228.56	(11,086,592,333.45)	88,564,829,917.36
Other disclosure:							
Long-term equity investment in joint ventures and associates	24,153,611.73	277,665,209.39	-	3,874,677.55	-	-	305,693,498.67
Increase in other non-current assets (excluding long-term equity investments)	1,278,549,601.49	691,947,019.73	28,892,740.70	54,738,451.45	-	-	2,054,127,813.37

For the year ended 31 December 2014

	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	12,944,136,788.01	10,372,649,027.10	15,708,965,957.24	2,215,722,081.62	–	–	41,241,473,853.97
Revenues from inter-segment transactions	13,289,243.14	334,698,498.85	–	85,843,046.77	–	(433,830,788.76)	–
	12,957,426,031.15	10,707,347,525.95	15,708,965,957.24	2,301,565,128.39	–	(433,830,788.76)	41,241,473,853.97
Gains/(losses) on investment in joint ventures and associates	2,438,928.61	(31,202,669.78)	–	313,957.59	–	–	(28,449,783.58)
Loss from impairment of assets	57,009,559.65	18,564,350.44	46,504,651.85	41,906,697.83	46,452,803.71	–	210,438,063.48
Depreciation and amortisation	1,082,805,357.86	133,992,689.13	10,324,250.69	138,841,563.81	27,877,477.19	–	1,393,841,338.68
Total profits	247,822,866.01	(49,091,493.96)	2,921,118,059.49	1,401,025,936.34	(837,865,524.83)	120,335,280.08	3,803,345,143.13
Income tax expense	126,492,340.54	5,028,399.32	740,309,317.33	401,925,558.86	(209,466,381.21)	30,083,820.02	1,094,373,054.86
Total assets	28,497,216,019.99	10,360,170,416.94	60,821,887,513.09	30,594,897,227.21	1,236,423,714.85	(15,825,624,215.41)	115,684,970,676.67
Total liabilities	14,537,544,009.89	4,651,508,231.57	49,036,856,382.32	5,514,857,838.70	17,546,443,860.22	(11,849,627,787.46)	79,437,582,535.24
Other disclosure:							
Long-term equity investment in joint ventures and associates	27,810,842.09	282,128,026.48	–	3,927,454.60	–	–	313,866,323.17
Increase in other non-current assets (excluding long-term equity investments)	1,294,169,525.61	376,346,994.18	15,679,853.56	209,662,023.97	–	–	1,895,858,397.32

Geographical information

Segment revenue from external transactions of the Group is 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 year ended 31 December 2015, the operating revenue from none of the major customers of the Group accounted for more than 10% of the Group's revenue (for the year ended 31 December 2014: Nil).

4. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Operating revenue from principal business	**40,361,071,937.53**	40,562,372,183.88
Operating revenue from other business	**564,268,923.87**	679,101,670.09
	40,925,340,861.40	41,241,473,853.97

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Sale of products	**13,382,602,735.10**	15,689,859,017.19
Bulk commodity trade	**5,869,524,945.08**	5,424,143,913.90
Sale of properties	**17,096,637,178.00**	15,512,163,016.00
Rental income	**1,248,492,990.38**	1,237,453,945.68
Including: Rental income from investment properties	***1,145,343,672.11***	*1,000,776,292.60*
Other rental income	***103,149,318.27***	*236,677,653.08*
Property management	**705,691,227.79**	659,141,722.27
Hotel management	**391,815,398.00**	361,044,037.45
Income from decoration	**891,130,929.85**	1,142,546,208.85
Disposal of solid waste	**496,037,477.15**	417,018,624.03
Revenue from the rendering of services	**244,045,228.53**	157,418,712.13
Others	**599,362,751.52**	640,684,656.47
	40,925,340,861.40	41,241,473,853.97

Operating revenue from principal operations by product:

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Sale of products	**13,382,602,735.10**	15,689,859,017.19
Bulk commodity trade	**5,869,524,945.08**	5,424,143,913.90
Sale of properties	**17,096,637,178.00**	15,512,163,016.00
Including: Sales of affordable housing	***1,751,768,529.72***	*3,915,176,571.66*
Rental income from investment properties	**1,145,343,672.11**	1,000,776,292.60
Property management	**705,691,227.79**	659,141,722.27
Hotel management	**391,815,398.00**	361,044,037.45
Income from decoration	**891,130,929.85**	1,142,546,208.85
Disposal of solid waste	**496,037,477.15**	417,018,624.03
Others	**382,288,374.45**	355,679,351.59
	40,361,071,937.53	40,562,372,183.88

Non-operating revenue is presented as follows:

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Gains from disposal of non-current assets	**12,401,002.69**	140,661,272.43
Including: Gains from disposal of fixed assets	***12,401,002.69***	*140,661,272,43*
Gains from debt restructuring	**355,230.51**	8,490,521.55
Net income from fines	**22,411,293.21**	12,711,481.51
Government grants	**603,719,611.73**	674,035,858.55
Unpayable amounts	**43,227,144.91**	19,029,226,18
Others	**60,024,421.62**	49,062,579.24
	742,138,704.67	903,990,939.46

5. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating costs are presented as follows:

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Operating costs from principal business	**30,133,279,924.52**	30,895,031,946.73
Operating costs from other business	**392,761,417.61**	377,788,513.12
	30,526,041,342.13	31,272,820,459.85

Operating costs from principal operations by product:

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Sale of products	**11,371,135,051.70**	12,999,770,168.85
Bulk commodity trade	**5,818,062,509.46**	5,380,295,417.51
Sale of properties	**10,787,934,499.47**	10,147,096,950.51
Including: Sales of affordable housing	***1,178,634,473.24***	*3,065,256,090.27*
Rental income from investment properties	**124,662,506.88**	163,417,401.08
Property management	**502,901,078.00**	431,014,225.00
Hotel management	**209,692,894.00**	185,669,641.00
Income from decoration	**791,494,497.92**	1,086,744,956.05
Disposal of solid waste	**354,526,396.36**	314,932,866.23
Others	**172,870,490.73**	186,090,320.50
	30,133,279,924.52	30,895,031,946.73

Non-operating expenses are presented as follows:

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Losses on disposal of non-current assets	**37,467,850.47**	12,792,410.98
Including: Losses on disposal of fixed assets	***37,467,850.47***	*12,783,456.96*
Others	**–**	*8,954.02*
Abnormal losses	**–**	733,745.56
Losses on debt restructuring	**405,418.66**	740,284.46
Expenses on charity donation	**1,276,461.61**	1,108,057.91
Losses on compensation, penalties and fines	**11,950,874.98**	29,723,781.99
Others	**10,376,642.92**	6,592,862.71
	61,477,248.64	51,691,143.61

6. SELLING EXPENSES

Unit: RMB

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Employee remuneration	**446,047,958.70**	399,231,992.32
Office and service expenses	**128,573,552.86**	126,220,204.25
Lease fee	**102,068,085.22**	96,735,286.57
Agency intermediary fee	**208,738,982.45**	237,316,560.71
Advertisement fee	**317,354,417.96**	283,571,577.26
Transportation expenses	**320,513,577.91**	345,144,932.72
Others	**22,861,865.80**	33,347,955.49
	1,546,158,440.90	1,521,568,509.32

7. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Employee remuneration	**1,393,839,121.58**	1,321,543,434.14
Office expenses	**440,079,067.66**	444,422,510.91
R&D expenses	**78,650,967.92**	67,714,679.20
Intermediary service fees	**108,661,624.04**	111,781,682.95
Lease and utilities	**122,874,716.78**	103,248,536.10
Tax	**209,233,685.11**	219,798,031.89
Sewage and afforestation fees	**58,029,388.63**	59,722,970.00
Others	**562,442,024.61**	558,372,576.01
	2,973,810,596.33	2,886,604,421.20

The abovementioned administrative expenses included the auditor's remuneration for the audit of the Company's annual report and review of interim report and the audit of its subsidiaries' annual reports of RMB12,200,000.00 (for the year ended 31 December 2014: RMB12,200,000.00).

8. FINANCE COSTS

Unit: RMB

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Interest expense	**2,406,286,038.10**	2,146,738,289.01
Including: Interest on bank loans and other loans fully repayable within five years	***2,406,286,038.10***	*2,146,738,289.01*
Less: Interest income	**(47,628,427.86)**	(63,997,835.18)
Less: Amount of interest capitalized *(Note)*	**(1,110,494,903.59)**	(963,251,872.63)
Exchange gains and losses	**2,042,411.88**	1,057,924.80
Handling charges	**60,658,801.99**	59,048,528.92
Others	**24,682,273.95**	29,842,079.67
	1,335,546,194.47	1,209,437,114.59

Note: The amount of capitalized interest has been included in construction in progress of RMB3,382,813.59 and costs for properties under development of RMB1,107,112,090.00.

9. INCOME TAX EXPENSE

Unit: RMB

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Current income tax expense	**1,155,258,542.69**	1,193,655,803.90
Deferred income tax expense	**76,328,153.59**	(99,282,749.04)
	1,231,586,696.28	1,094,373,054.86

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

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Total profit	**3,182,654,494.08**	3,803,345,143.13
Income tax expense at the statutory income tax rate of 25% *(Note 1)*	**795,663,623.52**	950,836,285.78
Tax effect of different tax rates of some subsidiaries	**(15,711,102.68)**	(14,587,798.91)
Share of profits and losses of joint ventures and associates	**4,423,471.85**	7,112,445.90
Income not subject to tax	**(157,251.41)**	(1,030,166.81)
Expenses not deductible	**12,441,699.66**	38,526,104.82
Deductible temporary differences and deductible losses utilized from previous years	**(46,655,369.56)**	(3,415,482.79)
Adjustments on the current income tax of previous periods	**(2,702,355.48)**	8,132,805.87
Deductible temporary difference and deductible losses not recognized	**484,283,980.38**	108,798,861.00
	1,231,586,696.28	1,094,373,054.86

Note 1: Income tax of the Group shall be calculated based on the applicable tax rate and the estimated taxable income from Mainland China. Taxes of taxable income arising from other regions shall be calculated based on the applicable tax rate pursuant to the existing laws, interpretations, announcements and practices in the jurisdiction where the Group operates.

Note 2: The share of taxes attributable to joint ventures and associates for 2015 were RMB76,594.94 and RMB3,840,940.14 respectively (for 2014: RMB103,329.30 and RMB1,318,271.70 respectively).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of outstanding ordinary shares in issue. The number of newly-issued ordinary shares is calculated and determined from the date of consideration receivable in accordance with the specified terms of issuance agreement.

The calculation of basic earnings per share is as follows:

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company *(RMB)*	**2,017,453,761.39**	2,422,721,815.83
Shares		
Weighted average number of ordinary shares in issue of the Company	**4,831,713,171**	4,672,108,600

The Company did not have potentially dilutive ordinary shares.

11. DIVIDEND

	For the year ended 31 December 2015 ***RMB'000*** **Audited**	For the year ended 31 December 2014 *RMB'000* Audited
Proposed final dividend – RMB0.03 (for the year ended 31 December 2014: RMB0.050) per ordinary share	**160,167**	239,232

The proposed final dividend for the Reporting Period is calculated based on the total number of shares in issue, including both A shares and H shares, as at the date of this announcement and is subject to the approval of the Company's shareholders at the forthcoming AGM.

12. ACCOUNTS RECEIVABLE

The credit period of accounts receivable is usually one month to six months. The accounts receivable bears no interest. An aging analysis of accounts receivable based on the invoice date is as follows:

Unit: RMB

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Within 1 year	**6,072,110,469.07**	4,613,212,359.21
1 to 2 years	**872,466,170.96**	869,454,190.39
2 to 3 years	**218,502,537.36**	180,097,325.16
3 to 4 years	**117,006,323.13**	33,917,799.92
4 to 5 years	**28,851,473.78**	26,077,898.89
Over 5 years	**78,599,393.66**	62,663,210.83
	7,387,536,367.96	5,785,422,784.40
Less: Provision for bad debt of accounts receivable	**(505,467,859.38)**	(380,590,250.26)
	6,882,068,508.58	5,404,832,534.14

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

	For the year ended 31 December 2015 Audited	For the year ended 31 December 2014 Audited
Opening balance for the year	**380,590,250.26**	331,577,447.00
Provision for the year	**196,714,939.06**	90,855,743.03
Transfer in on acquisition of subsidiaries	**150,000.01**	–
Reversal for the year	**(71,449,815.17)**	(39,657,429.33)
Write-off for the year	**(537,514.78)**	(2,185,510.44)
Closing balance for the year	**505,467,859.38**	380,590,250.26

13. SHORT-TERM LOANS

Unit: RMB

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Guaranteed loans *(Note)*	**157,000,000.00**	227,000,000.00
Credit loans	**16,100,600,000.00**	10,805,152,900.00
Mortgaged loans	**535,665,814.17**	598,500,000.00
Pledged loans	**12,730,565.36**	4,983,581.02
	16,805,996,379.53	11,635,636,481.02

Note: As at 31 December 2015, guaranteed loans were guaranted by entities within the Group.

As at 31 December 2015, the interest rates of the above loans were 3.95%-8.0% per annum (as at 31 December 2014: 3.95%-8.0%).

As at 31 December 2015, the Group had no outstanding short-term loans that were due, which would be due within one year.

14. ACCOUNTS PAYABLE

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

An aging analysis of accounts payable based on the invoice date is as follows:

Unit: RMB

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Within 1 year	**6,989,394,579.52**	7,245,401,853.28
1 to 2 years	**1,018,700,066.17**	1,192,618,646.19
2 to 3 years	**282,319,386.90**	661,708,058.41
Over 3 years	**335,299,490.51**	197,819,647.14
	8,625,713,523.10	9,297,548,205.02

15. SHORT-TERM FINANCING BONDS PAYABLE AND BONDS PAYABLE

Unit: RMB

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Corporate bonds	**1,893,054,949.10**	1,869,911,156.24
Medium-term notes	**7,000,000,000.00**	9,800,000,000.00
Private bonds	**5,200,000,000.00**	200,000,000.00
Closing balance	**14,093,054,949.10**	11,869,911,156.24
Including: Bonds payable due within one year	**2,093,054,949.10**	2,800,000,000.00
Non-current portion	**12,000,000,000.00**	9,069,911,156.24
Analysis of maturity of bonds payable:		
Current or within one year	**2,093,054,949.10**	2,800,000,000.00
Over one year but not more than two years	**2,000,000,000.00**	2,069,911,156.24
Over two years but not more than five years	**10,000,000,000.00**	7,000,000,000.00
	14,093,054,949.10	11,869,911,156.24
Current portion:		
Short-term financing bonds	**6,000,000,000.00**	6,600,000,000.00

As at 31 December 2015, the short-term financing bonds above would be due within one year.

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 nominal interest rate of 4.32%. 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 notice through the website of China Bond reminding investors of 2009 BBMG Bond (098064) to exercise their sale back rights. Of the total, the amount of bonds on which bond holders exercised their sale back rights was RMB1,370,000,000, and the amount of bonds on which bond holders did not exercise such rights was RMB530,000,000. In respect of the RMB1,370,000,000 worth of bonds on which sale back rights were exercised, the Company re-sold such portion of bonds with the same nominal interest rate of 4.32% on 27 April 2014, and actual interest rate was 6.15%. 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.

Upon consideration and approval 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. On 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, which would be valid for 2 years, and maybe issued in tranches within the validity period of the registration. On 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%. On 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%. In 2015, the above RMB2,800,000,000 was fully repaid.

Upon consideration and approval by the 2011 annual general meeting of the Company held on 24 May 2012, the Company intended to issue bonds (including short-term financing bonds and medium-term notes) of no more than RMB3,000,000,000. Pursuant to the document Zhong Shi Xie Zhu [2012] No. MTN241 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes for 2012 totaling RMB2,000,000,000 on 20 September 2012 with a term of 5 years and a coupon of 5.58%.

Upon consideration and approval by the 19th meeting of the 2nd 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 its first tranche of short-term financing bonds for 2013 between 13 and 19 March 2013, totaling RMB2,000,000,000 with a coupon of 4.27%; and the Company issued its second tranche of short-term financing bonds for 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 its first tranche of short-term financing bonds for 2014 on 23 January 2014, totaling RMB2,600,000,000 with a coupon of 6.5%. The Company issued its second tranche of short-term financing bonds for 2014 on 17 March 2014, totaling RMB2,000,000,000 with a coupon of 5.49%; the Company issued its third tranche of short-term financing bonds for 2014 on 4 May 2014, totaling RMB1,000,000,000 with a coupon of 5.35%; and the Company issued its fourth tranche of short-term financing bonds for 2014 on 1 September 2014, totaling RMB1,000,000,000 with a coupon of 4.97%. In 2015, the short-term financing bonds above were fully repaid.

Pursuant to the document Zhong Shi Xie Zhu [2013] No. MTN279 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes for 2013 on 14 October 2013, totaling RMB1,500,000,000 with a term of 5 years and a coupon of 5.8%.

Pursuant to the document Zhong Shi Xie Zhu [2014] No. MTN316 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes for 2014 on 15 October 2014, totaling RMB2,000,000,000 with a term of 5 years and a coupon of 5.35%; and the Company issued its second tranche of medium-term notes for 2014 on 17 November 2014, totaling RMB1,500,000,000 with a term of 5 years and a coupon of 5.3%.

As approved at the fifteenth meeting of the third session of the Board of the Company on 23 December 2014, Beijing Building Material Test Centre Co., Ltd. ("**Building Material Test Centre**") and Beijing BBMG Cement Energy Saving Technology Co., Ltd. ("**Cement Energy Saving Technology**"), all being wholly-owned subsidiaries of the Company, issued SME private placement bonds on Beijing Equity Exchange Centre Co. Ltd., with an intended total issue size of RMB200,000,000, of which Building Material Test Centre issued RMB100,000,000 on 26 December 2014 and Cement Energy Saving Technology issued RMB100,000,000 on 27 December 2014, respectively. The bonds have a maturity of 2 years with a coupon of 7.5%.

Pursuant to the document Zhong Shi Xie Zhu [2014] No. PPN570 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of private placement notes for 2015 on 5 February 2015, totaling RMB2,000,000,000 with a term of 3 years and a coupon of 5.50%; the Company issued its second tranche of private placement notes for 2015 on 19 March 2015, totaling RMB2,500,000,000 with a term of 3 years and a coupon of 5.46%; and the Company issued its third tranche of private placement notes for 2015 on 20 July 2015, totaling RMB500,000,000 with a term of 3 years and a coupon of 5.15%.

Upon consideration and approval by the 17th meeting of the third session of the Board held on 26 March 2015 and the 2014 annual general meeting of the Company held on 27 May 2015, the Company intended to issue short-term financing bonds of no more than RMB10,000,000,000. Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP219 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of ultrashort financing bonds for 2015 on 16 September 2015, totaling RMB1,000,000,000 with a term of 270 days and a coupon of 3.46%; the Company issued its second tranche of ultrashort financing bonds for 2015 on 24 September 2015, totaling RMB1,000,000,000 with a term of 180 days and a coupon of 3.49%; and the Company issued its third tranche of short-term financing bonds for 2015 on 19 November 2015, totaling RMB2,000,000,000 with a term of 93 days and a coupon of 3.70%. Pursuant to the document Zhong Shi Xie Zhu [2015] No. CP276 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of short-term financing bonds for 2015 on 14 October 2015, totaling RMB2,000,000,000 with a term of 366 days and a coupon of 3.39%

The bonds interests payable of the above corporate bonds, medium-term notes, short-term financing bonds and private placement bonds for the current year were charged to "Interests payable".

16. LONG-TERM LOANS

Unit: RMB

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Mortgaged loans	**5,019,000,000.00**	5,677,000,000.00
Guaranteed loans *(Note)*	**912,000,000.00**	2,055,920,000.00
Credit loans	**2,767,600,000.00**	2,360,000,000.00
Closing balance	**8,698,600,000.00**	10,092,920,000.00
Including: Long-term loans due within one year	**1,810,000,000.00**	3,313,420,000.00
Non-current portion	**6,888,600,000.00**	6,779,500,000.00

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Analysis of maturity of long-term loans:		
Current or within one year	**1,810,000,000.00**	3,313,420,000.00
Over one year but not more than two years	**506,000,000.00**	3,329,500,000.00
Over two years but not more than five years	**2,137,600,000.00**	660,000,000.00
Over five years	**4,245,000,000.00**	2,790,000,000.00
	8,698,600,000.00	10,092,920,000.00

Note: As at 31 December 2015, RMB840,000,000.00 (as at 31 December 2014: RMB840,000,000.00) of the guaranteed loans was guaranteed by BBMG Group Company Limited ("**BBMG Group**").

As at 31 December 2015, the above loans bore interest rates of 1.2%-6.55% (as at 31 December 2014: 5.54%-6.55%) per annum.

17. NET CURRENT ASSETS

Unit: RMB

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Current assets	**89,335,632,740.23**	75,018,805,818.23
Less: Current liabilities	**(65,186,574,018.71)**	(59,513,655,635.94)
Net current assets	**24,149,058,721.52**	15,505,150,182.29

18. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 31 December 2015 Audited	As at 31 December 2014 Audited
Total assets	**130,746,704,314.16**	115,684,970,676.67
Less: Current liabilities	**(65,186,574,018.71)**	(59,513,655,635.94)
Total assets less current liabilities	**65,560,130,295.45**	56,171,315,040.73

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the annual results of the Company for the twelve months ended 31 December 2015, and the operating results of the Company during the said period for your review.

Review

During the Reporting Period, confronted with the stress imposed by the slowdown in economic growth, sluggish market demand, decreasing product prices, the transfer of the industrial functions of the Beijing capital city and the implementation of Beijing Clean Air Action Plan, the Company adhered to the key note of making progress while maintaining stability and highlighted tasks such as promoting quality and efficiency, transformation and upgrading, innovation and development. The Company maintained stable and sound growth.

During the Reporting Period, the Company realized operating revenue of approximately RMB40,925.3 million, representing a year-on-year decrease of approximately 0.8%, net profit attributable to the shareholders of the parent company of of approximately RMB2,017.5 million, representing a year-on-year decrease of approximately 16.7% and basic earnings per share attributable to the shareholders of the parent company of approximately RMB0.42. This hard-won result basically met our expectations and maintained a leading position among its peers.

Prospects

2016 is the first year of China's "13th Five-Year Plan". At present, the economic "new normal" presents the harsh challenge of changing growth rates and difficult economic structure adjustment as well as the opportunities for development furnished by bonus granted by reform and industrial transformation and upgrading. In particular, the synergistic development of Beijing, Tianjin and Hebei Province, the transferring of the industrial functions of the Beijing capital city and the reform of the supply front have offered a broad stage with tremendous possibilities for "well prepared" enterprises. The Company will strengthen integration and restructuring and actively promote transformation and upgrading with respect to the cement and modern building material manufacturing segments of the Company; devote more efforts to the real estate segment of property development, investment and management, advance the innovation in project expansion, management model and financing methods, for the purpose of realizing development while strengthening the inner attributes and achieve greater profitability.

Summary of Financial Information

	2015 *RMB'000*	2014 *RMB'000*	Change
Operating revenue	**40,925,341**	41,241,474	-0.8%
Operating revenue from principal business	**40,361,072**	40,562,372	-0.5%
Gross profit from principal business	**10,227,792**	9,667,340	5.8%
Gross profit margin from principal business	**25.3%**	23.8%	an increase of 1.5 percentage points
Net profit attributable to the shareholders of the parent company	**2,017,454**	2,422,722	-16.7%
Basic earnings per share attributable to the shareholders of the parent company	**RMB0.42**	RMB0.52	-19.2%
Cash and banks balances	**18,369,881**	10,980,172	67.3%
Current assets	**89,335,633**	75,018,806	19.1%
Current liabilities	**65,186,574**	59,513,656	9.5%
Net current assets	**24,149,059**	15,505,150	55.7%
Non-current assets	**41,411,072**	40,666,165	1.8%
Non-current liabilities	**23,378,256**	19,923,927	17.3%
Total assets	**130,746,704**	115,684,971	13.0%
Equity attributable to the shareholders of the parent company	**38,082,973**	31,107,268	22.4%
Debt ratio (total liabilities to total assets) (%)	**67.7**	68.7	a decrease of 1.0 percentage point

Description of Major Industries

(i) Cement Industry

The year 2015 witnessed sharp slump in the economic profits of China's cement industry and the first negative growth in total cement demand over the past 25 years. The production of cement in 2015 amounted to 2.348 billion tonnes, a year-on-year decrease of 4.95% in growth rate of production capacity, among which the production in North China markets decreased by 14.60%. The increasing overcapacity of cement led to malignant competition, price of cement products continued to decrease, revenues of the related enterprise declined sharply and the industrial profit margin declined to the lowest level over 10 years. In 2015, the cement industry recorded revenue of RMB889.7 billion, a year-on-year decrease of 9.40%.The profits in six major regions nationwide went through non-differentiated overall substantial decline, among which the revenue in North China showed a year-on-year decrease of 23.0%, suffering an annual loss of RMB4.21 billion and indicating deficit of the whole industry.

(ii) Property Development Industry

In 2015, the downturn in the domestic real estate industry continues and the overall market keeps high stock. Investment in real estate increased at a lower rate and area of real estate new construction sites and area of land sold have presented a significant decrease as compared with those of the same period in last year. As a whole, the real estate industry is now going through the cycle of cutting inventories. Other than first-tier cities, second- and third-tier cities are all facing stress arising therefrom with respect to the sales volume and price of real estate. As evidenced by statistics provided by the National Bureau of Statistics of the PRC, investment in real estate development across the country aggregated RMB9.5979 trillion in 2015, representing a nominal increase of 1.0% over last year (and an actual increase of 2.8% over last year after adjusting for price changes), among which investment in residential properties increased by 0.4% over the same period of last year. Investment in residential properties occupied 67.3% of aggregate investment in real estate development. Construction sites for corporate use reached 7.35693 billion square meters, representing an increase of 1.3% over last year, among which 5.11570 billion square meters were area of construction sites for residential properties, which decreased by 0.7%. Area of newly started construction of real estate was 1.54454 billion square meters, decreasing by 14.0%. Of this, 1.06651 billion square meters were area of newly started construction of residential properties, which decreased by 14.6%, Area of completed real estate construction was 1.00039 billion square meters, decreasing by 6.9%. Of this, area of completed residential property construction was 737.77 million square meters, down by 8.8%. Purchased land area by real estate development enterprises were 228.11 million square meters in 2015, decreasing by 31.7% over last year.

Area of sold commodity housing across the country in 2015 reached 1.28495 billion square meters, increasing by 6.5% over last year. Of this, area of sold residential properties jumped 6.9%, area of offices sold 16.2% and area of properties sold for the purpose of commercial operation 1.9%. The sold commodity housing was valued at RMB8.7281 trillion, surging 14.4%, of which sales of residential properties rose 16.6%, sales of offices 26.9% and sales of properties for the purpose of commercial operation decreased by 0.7%. Area of commodity housing for sales was 718.53 million square meters, rose 15.6% as compared with that of the end of last year. Of this, area of residential properties for sale jumped 11.55 million square meters, area of offices for sale 1.28 million square meters and area of properties for the purpose of commercial operation for sale 4.58 million square meters.

Summary of Business Information

1. Cement and Ready-mixed Concrete Segment

	2015	2014	Change
Sales volume:			
Cement (in thousand tonnes)	**39,260**	40,550	-3.2%
Concrete (in thousand cubic meters)	**11,340**	12,204	-7.1%

2. Modern Building Materials and Commerce and Logistics Segment

	2015	2014	Change
Sales volume:			
Refractory materials (in thousand tonnes)	**165**	201	-17.9%

3. Property Development Segment

	2015	2014	Change
Booked GFA (in thousand sq.m.)	**1,263**	1,497	-15.6%
Presales (sales) GFA (in thousand sq.m.)	**992**	1,474	-32.7%

4. Property Investment and Management Segment

	2015	2014	Change
Total GFA of investment properties (in thousand sq.m.)	**733**	749	-2.1%

The year 2015 was the end of the "12th Five-Year Plan" as well as the crucial year for China to comprehensively deepen reforms. In response to the slowdown in China's economic growth, weak market demands, low product prices, increasing factor costs and stricter regulations on environment, and influences arising from the transferring of the industrial functions of the Beijing capital city, directive and political suspension or limitation on production, the Board of the Company took initiative to adapt to new economic trends by adhering to the key note of making progress. Through the Board's efforts in negotiating all the difficulties and launching innovation by focus on improving quality and efficiency, transformation and upgrading, innovation and development, etc., the Company maintained stable and sound growth with programs for main economic indicators basically meet the expectations.

After five years of development, the Company's economic benefit and comprehensive strength have been substantially enhanced. Also, the Company achieves significant attainments in industrial structure, strategic layout, innovation capability and core competitiveness, and forms new characteristics and advantages. The Company's cement production capacity is ranked among the top ten in a row in China. The production and sales of aerated concrete, fire retardant paint, unshaped refractory, mineral wool boards and other products are ranked the top in the industry. Real estate development of the Company is No.6 in terms of overall strength among the listed real estate companies in Shanghai and Shenzhen, and No.21 in "Top 100 Chinese Real Estate Firms 2015". Also, its property management has always ranked top 3 among counterparts in Beijing, top 20 in Top 100 Chinese Property Services and top 10 in Chinese Commercial Property Service Providers.

During the Reporting Period, the Company recorded operating revenue of RMB40,925.3 million, of which operating revenue from its principal business amounted to RMB40,361.1 million, representing a year-on-year decrease of 0.5%; total profit amounted to RMB3,182.7 million, representing a year-on-year decrease of 16.3%; net profit amounted to RMB1,951.1 million, representing a year-on-year decrease of 28.0%; and net profit attributable to the shareholders of the parent company amounted to RMB2,017.5 million, representing a year-on-year decrease of 16.7%.

1. Cement and Ready-Mixed Concrete Segment

Confronted with the severe challenges arising from the regional overcapacity, weak market demand and the unprecedentedly strict regulations on resources and environment, the Company further optimized its "grand cross-shape" (大十字) strategy by orderly expansion in a way like earthquake waves so as to constantly enhance the control over regional markets. Besides, by continuously following the cardinal principle of exploring potentials, cutting costs and enhancing efficiency, constantly launching innovation in operating mode, controlling and cutting accounts receivable and procurement costs, expanding strategic resource reserve, accelerating the extension of industrial chain, highlighting environmental protection, strengthening scientific and technological innovation, operating control and benchmark management, the Company secured differentiation advantage in product quality and attained the region's leading position with its major operation indicators. Strengthen inter-regional resource allocation and industry chain interaction, enhance service measures and further improve market share. Meanwhile, the segment accelerated transformation and pressed ahead with green, cyclic and low-carbon development. As a result, the Company was listed among the "Ten Thousand Energy-saving and Low-carbon Enterprises" with its 24 major energy-consuming subsidiaries passing the annual examinations at the grass-roots and national levels. Furthermore, all cement enterprises in Beijing got the approval from the Beijing Municipal Government for transformation. The Company carried out the fly ash project and hazardous wastes project in respective coordination with Beijing Liulihe Cement Co., Ltd. and Zhuolu Jinyu Cement Co., Ltd. and obtained the business permit on hazardous wastes. Intelligent transformation of the terminal of Tianjian BBMG Concrete Co., Ltd. was successfully completed, making the terminal the first domestic intelligent concrete mixing station. The project was completed and successfully put into operation, where Beijing Liulihe Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd., and Beijing Taihang Qianjing Cement Co., Ltd. used direct injection technology and cement kiln co-disposal of sludge technology. The co-disposal of hazardous waste project in Zhuolu Jinyu Cement Co., Ltd. will be completed within this year.

The cement and ready-mixed concrete segment recorded operating revenue from its principal business of RMB10,828.7 million in 2014, a year-on-year decrease of 14.9%. Gross profit from its principal business amounted to RMB1,443.5 million, a year-on-year decrease of 28.3%. The consolidated sales volume of cement and clinker reached 39.3 million tonnes, a year-on-year decrease of 3.2%, among which cement sales volume amounted to 31.8 million tonnes and clinker sales volume amounted to 7.5 million tonnes, and the aggregated gross profit margin for cement and clinker was 10.1%, a year-on-year decrease of 5.3 percentage points. Sales volume of concrete totaled 11.3 million cubic meters, a year-on-year decrease of 7.1%, while the gross profit margin for concrete was 13.0%, a year-on-year increase of 2.5 percentage points.

2. Modern Building Materials and Commerce and Logistics Segment

Adhering to the industrial park-based pattern, the segment achieved constant development and growth, industry cluster effect becoming gradually prominent. At the same time, by deepening enterprise diagnosis and continuous improvement, accelerating the construction of self-marketing platform and perfection of market layout and launching innovation in the operating modes for bulk commodity business to constantly expand the marketing channels, the segment obtained stable growth in the business scale of trade and logistics. The Project of “Annual Production of 800,000 Pieces of Furniture” by Dachang BBMG Tiantan Furniture Co., Ltd. at the Dachang BBMG Modern Industrial Park entered the phase of equipment installation, where ground-source heating and biofuel were employed to realize waste utilization and production on clean energy and increase energy efficiency. The BBMG Doudian Technology Park accomplished the application for all the entitlement certificates of the industrial land, paving way for further planning and construction of the Park. The BBMG International Logistics Park actively integrated itself into synergistic development of Beijing, Tianjin and Hebei Province and adjusted its position as the BBMG Hi-tech Park. At the same time, with the completion of the exterior decoration of the buildings covering 120,000 sq.m. in the first phase of construction and part of the buildings in the second phase roofed, the BBMG Hi-tech Park focused on inviting e-commerce and health industries through negotiation and talks. BBMG Commercial & Trade Co., Ltd. attained a year-on-year increase of 29% in the trade volume of steel products and bulk trades in energy by continuing to take advantage of its scale, and launch innovation in operating and marketing modes.

In 2015, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of RMB10,371.7 million, a year-on-year decrease of 1.4%, while the gross profit from its principal business amounted to RMB1,008.2 million, a year-on-year increase of 3.8%.

3. Property Development Segment

By adhering to the guideline of "accelerating cash flow" (好水快流) and the "adjustment to two structures" (兩個結構調整), the segment seized right market opportunities, made prudent study and judgments and scientific verification, participated in a broad manner, made rational decisions. It also attentively made project operation plans, standardized the management and control system and adjusted the sales strategy to enhance projects' operating efficiency and profitability. Moreover, it made continuous efforts to launch innovation in the financing and operating modes for the projects, extended its business to the service industry and attempted to cover fields like rebuilding slums.

During the Reporting Period, the Company continuously paid close attention to changes in policies, captured market information to accelerate the selling of products. Nanjing-Jinyu Zijingfu (南京金隅紫京府), Beijing Feili Phase III Lanjuebao (北京翡麗三期藍爵堡) and other projects were sold like hot cakes. In "Mark Beijing" (北京方向), centralized commercial and office buildings in block A and office buildings in block B for retail were sold out. Chongqing-Shidaiduhui (重慶時代都會), Chongqing-Nanshanjun (重慶南山郡) and Haikou-Xixili (海口西溪里) were sold smooth and well. Also, the de-stocking of Tianjin projects and Hangzhou projects accelerated. Beijing-Jinyufu (北京金玉府), Nanjin-Jinyu Zijinfu Phase II (南京金隅紫京府二期), Qingdao-Zhenjiang Road (青島鎮江路), Chengdu-Longxijun, Haikou-Xixili (海口西溪里) and other projects commenced. Projects including "Huixingyuan" (匯星苑), "Jinyu Lanwan" (金隅瀾灣), "Chaoyang New City Group D" (朝陽新城D組團), "Guanlan Times" (觀瀾時代) in Hangzhou, "Jinyu Elegancy City" (金隅麗港城) in Inner Mongolia, "Nanshanjun" (南山郡) and "Chongqing Times Metro" (重慶時代都滙) in Chongqing, etc. were delivered, put into use and booked into revenue. Jinyu Jiapin Mall (金隅嘉品Mall), the first self-owned shopping center of the company was opened in September 2015.

During the Reporting Period, the Company paid close attention to the land market, and successfully obtained the entitlements to three land projects respectively in Shushan District in Hefei, Nanan District in Chongqing and Shunyi District in Beijing (for details, please refer to the table below), thereby lending great support for sustainable development of the real estate segment.

No.	Name of projects (parcel of land)	Location	Use of the land	Land area of the project *(sq.m)*	Planning plot ratio area *(sq.m)*	Land price *(RMB10 thousand)*	Ways of acquisition	Date of acquisition *(Y/M/D)*	Percentage of interest
1	Chayuan – Lujiao Group Zone A in Nan'an District, Chongqing, including land No. A17-2/05, A12-1/03, A13-1/05, A19-6/05, A16/04, A11-1/03, A20-1/03, A20-3/03, A22-1/04, A23-2/05 and A19-2/04	Chayuan – Lujiao Group Zone A in Nan'an District, Chongqing	Commercial land, business land and residential land 2	380,962	1,442,522	370,152	Listing	2015-06-30	100%
2	Plot W1502 in Shushan District, Hefei	Shushan District in Hefei is adjacent to the West Wangjiang Road to the north and to Jinzhai Elevated Road to the east	Commercial and residential land	244,700	638,981	455,142	Auction	2015-09-24	100%
3	SY-0019-076 R2 Residential Land 2 and SY-0019-079 in Houshayu Village, Houshayu Town, Shunyi District A51 land for hospital (built with "price-restricted commercial housing")	Houshayu in Shunyi District: No.2 Guihua Road and Jutongjiagyuan Residential Community to the east, Shuangyu Street to the south, Yuqing Road to the west, and North Shuangyu Street and Jutongjiagyuan Residential Community to the north.	R2 residential land 2 and A51 land for hospital	79,821	142,412	185,000	Delisting	2015-10-23	100%
Total				705,483	2,223,915	1,010,294			

In 2015, the property development segment recorded revenue from its principal business of RMB16,921.4 million, a year-on-year increase of 8.9%, and the gross profit from its principal business was RMB6,204.7 million, a year-on-year increase of 14.7%. The booked GFA was 1,263,051 sq.m. for the year, a year-on-year decrease of 15.6%, among which booked GFA of commodity housing amounted to 1,069,694 sq.m., a year-on-year increase of 10.7%, while booked GFA of affordable housing amounted to 193,357 sq.m., a year-on-year decrease of 63.6%. The aggregated contracted sales area of the Company was 991,654 sq.m., a year-on-year decrease of 32.7%, among which contracted sales area for commodity housing amounted to 899,815 sq.m., a year-on-year decrease of 30.6%, and contracted sales area for affordable housing amounted to 91,839 sq.m., a year-on-year decrease of 48.1%. As at the end of the Reporting Period, the Company had a land reserve totaling approximately 7,349,500 sq.m.

4. Property Investment and Management Segment

Thanks to its continuous optimization of operating mode, deepening of resource integration, improvement of service and project quality and standardization of management of non-operating assets, the segment maintained a good momentum. By optimizing customer structure and enhancing operating characters, BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限公司) hit a new high in occupancy rate and achieved a year-on-year increase of 9.5% in rental cash revenue. With almost full marks, BBMG Sheraton Hotel (金隅喜來登酒店) became one of the firsts worldwide and the first in Mainland China to be recognized as a Sheraton Upgrade Hotel. By targeting at high-end client and forming brand cluster effects, GTC Residence Beijing (環貿國際公寓) obtained an average occupancy rate of 92% and won "Best Value Apartment" award. Beijing Jianji Assets Management Co., Ltd. (北京建機資產經營有限公司) actively responded to the transferring of the non-core industrial functions of the Beijing capital city by doing a good job in the transferring and removal in Dahongmen, Fengtai District, Beijing and successfully accomplishing the relocation of the remaining and single-living residents in the former Beijing Star Building Materials Co., Ltd.. Fengshan Hot Spring Resort (鳳山渡假村) strengthened transformation of service facilities, expanded sales channels to suppress the downward tendency in business performance. BBMG Property Management Co., Ltd., BBMG Dacheng Property Management Co., Ltd. and Beijing Jinhaiyan Property Management Co., Ltd. took leading positions nationwide with prominent scores in Third-Party Institutional Client Satisfaction Questionnaire through improvement of customer satisfaction and innovative operation services.

In 2015, the property investment and management segment recorded operating revenue from its principal business of RMB2,692.4 million, a year-on-year increase of 22.8%, and gross profit from its principal business was RMB1,620.2 million, a year-on-year increase of 21.2%. As at the end of the Reporting Period, the Company had investment properties totaling 732,800 sq.m. in the core districts of Beijing. The consolidated average occupancy rate was 91% and the consolidated average rental unit price was RMB7.6/sq.m./day.

INVESTMENT PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2015

	Location	Usage	Property Gross Area *(thousand sq.m.)*	Fair Value *(RMB million)*	Rental Unit Price *(RMB/ sq.m./day)*	Average Occupancy Rate *(Note)*	Unit Fair Value *(RMB/ sq.m.)*
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	Commercial	120.5	2,958.9	11.3	93%	24,545
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	Commercial	172.1	2,994.0	8.0	97%	17,398
Phase 3 of Global Trade Center (Ground Floor Commercial)	North Third Ring Road, Beijing	Retail	71.7	1,091.5	7.3	98%	15,229
Tengda Plaza	West Second Ring Road, Beijing	Commercial	84.3	1,516.9	9.0	99%	18,002
Jin Yu Building	West Second Ring Road, Beijing	Commercial	44.8	969.9	8.3	99%	21,632
Jianda Building/Jiancai Jingmao Building	East Second Ring Road, Beijing	Commercial	59.4	1,240.7	5.2	100%	20,904
Dacheng Building	West Second Ring Road, Beijing	Commercial	42.8	930.3	9.5	98%	21,759
		Sub-total	595.6	11,702.2			
Other properties	Beijing Municipality	Commercial and retail	137.2	2,742.6			
		Total	732.8	14,444.8	7.6	91%	19,712

Note: The Group leases its investment properties under operating lease arrangements, with most of the leases negotiated for terms ranging from 1 to 19 years.

ANALYSIS OF ASSETS AND LIABILITIES

Unit: RMB'000

	As at 31 December 2015	As at 31 December 2014	Change
Cash and bank balances	**18,369,880.69**	10,980,171.60	67.3%
Inventories	**54,007,187.19**	48,853,159.42	10.6%
Available for sale financial assets	**604,367.25**	1,105,113.25	-45.3%
Construction in progress	**1,249,188.81**	834,891.67	49.6%
Short-term financing bonds payable	**6,000,000.00**	6,600,000.00	-9.1%
Bonds payable	**12,000,000.00**	9,069,911.16	32.3%

Cash and bank balances increased by approximately RMB7,389,709,090 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in pre-selling house payments and fund-raising scale of the Company during the Reporting Period.

Inventories increased by approximately RMB5,154,027,770 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in land reserve and investment in projects in progress under the property development segment of the Company.

Available for sale financial assets decreased by approximately RMB500,746,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the recovery from trust scheme upon maturity purchased from the CCB Trust Co., Ltd. by the Company.

Construction in progress increased by approximately RMB414,297,140 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in the investment in engineering project of BBMG international logistics park and Tiantan Dachang project by the Company during the Reporting Period.

Short-term financing bonds payable decreased by RMB600,000,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the maturity of some short-term financing bonds during the Reporting Period.

Bonds payable increased by approximately RMB2,930,088,840 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in issuance of private bonds by the Company during the Reporting Period.

ANALYSIS OF BUSINESS AND FINANCIAL POSITION FOR THE REPORTING PERIOD

1. Principal business operations

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Increase or decrease in revenue from principal business compared with last year (%)	Increase or decrease in cost of sales from principal business compared with last year (%)	Increase or decrease in gross profit margin from principal business compared with last year
Cement and Ready-mixed Concrete	10,828.7	9,385.2	13.3	-14.9	-12.4	Decrease of 2.5 percentage points
Modern Building Materials and Commerce and Logistics	10,371.7	9,363.4	9.7	-1.4	-2.0	Increase of 0.5 percentage points
Property Development	16,921.4	10,716.8	36.7	8.9	5.8	Increase of 1.8 percentage point
Property Investment and Management	2,692.4	1,072.2	60.2	22.8	25.3	Decrease of 0.8 percentage point
Eliminations	(453.1)	(404.3)	–	–	–	–
Total	40,361.1	30,133.3	25.3	-0.5	-2.5	Increase of 1.5 percentage points

2. Investment properties measured at fair value

The Company conducted a subsequent measurement of investment properties at fair value at the end of the Reporting Period. Changes in fair value are recognized as "gains from changes in fair value" in the consolidated income statement. The fair value is assessed by an independent professional qualified valuer using future earnings method and market-based approach on an open market and existing use 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 end of the Reporting Period. The difference between the fair value and the original book value is recognized in the profit or loss for the current period.

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group were RMB602.2 million, accounting for 18.9% of the profits before tax. The fair value gains on investment properties during the Reporting Period were mainly due to an upward revision to the fair value of the investment properties of the Group by the valuer given the overall surge in rental of commercial properties in the open market in Beijing during the Reporting Period.

3. Expenses during the Reporting Period

(1) Selling expenses were RMB1,546.2 million, an increase of RMB24.6 million year-on-year. Such increase was mainly due to the increase in employee remuneration and advertisement fees.

(2) Administrative expenses were RMB2,973.8 million, an increase of RMB87.2 million year-on-year. Such increase was mainly due to the increase in employee remuneration and losses from suspension of production.

(3) Finance costs were RMB1,335.5 million, an increase of RMB126.1 million year-on-year. Such increase was mainly due to the increase in interest expenses from bonds payable.

4. Cash flows

During the Reporting Period, a net increase of RMB4,733.8 million in cash and cash equivalents was recognized in consolidated financial statements of the Company. Such increase was the net result of (i) the net cash outflow generated from operating activities of RMB652.6 million, representing an decrease in outflow of RMB5,503.6 million year-on-year, which was attributable to the decrease in land reserve payment; (ii) the net cash outflow generated from investment activities of RMB1,407.0 million, a decrease in outflow of RMB209.9 million year-on-year, which was attributable to the recovery from trust scheme on maturity and acquisition of Xingtai BBMG Yongning Cement Co., Ltd.; (iii) the net cash inflow generated from financing activities of RMB6,795.5 million, a decrease in inflow of RMB1,591.9 million year-on-year and (iv) the exchange realignment of RMB-2.0 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 manufacturer and supplier in the region covering Beijing, Tianjin and Hebei Province. Benefiting from the unique geographical advantages and national strategy of 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 energysaving 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 manufacturing 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. Taking advantage of the characteristics of the real estate development industry of large amount of funds and great demand for products, the Company, through market behaviors, drove the application of modern building materials, cement, concrete and other products as well as the development of relevant services such as design, fitting-out and property management. The Company, by enhancing quality of and capacity of offering relevant services, has enhanced its competitiveness in modern building materials and property management services and promoted the quality of real estate projects. Property operation and high-end property management services with the support of the Company's edge in brand, operation, management and techniques, have succeeded in the promotions of values of real estate for both commercial and residential purposes and cutting inventories. Meanwhile, the real estate development industry has pioneered market of the target region backed by various resources and advantages accumulated in the implementation of the "going out" strategy by cement and building material industries. Different segments support and promote the development of each other with significant synergistic effect and overwhelming advantages as a whole. Edges in scale centralizing on the industrial chain, coordination among and integration of different segments have been cumulating.

2. Competitive Edge in Technology R&D: The Company enhances its overall strength through technology innovation and continues to increase investment in technology R&D, which gives the Company a sharp edge in the industry in respect of technologies. Technology innovation nurtures new economic growth point and strengthens the momentum of industrial development for the Company. The Company obtained the approval to establish science association and academic expert service centre. The Company's technology center passed the re-evaluation for state-level enterprise technology center with outstanding results. BBMG Academia Sinica was approved as a post-doctoral scientific research workstation, and enterprises including Academy of Scientific Research were approved as Beijing International Science and Technology Cooperation Base. The Company established the technology innovation system of "1+N+X" with BBMG Academia Sinica, professional R&D institutions as well as the enterprise's technology centre, engineering centre and key laboratory as its core players. The Company also established a mature cooperation mechanism of "production, study, research and application" with tertiary institutes and scientific research institutions including the University of Beijing, Beijing University of Technology and University of Science & Technology Beijing. In addition, the Company established and improved the system of dispatching chief technology officer, realizing the localization, regionalization, normalization of technical support service. The Company built technology innovation platforms of various levels including the academic workstation, the municipal-level technology cooperation base and the state-level testing centre.

   With an investment of approximately RMB660 million in technology R&D in 2015, the Company recorded revenue from sales of new products of approximately RMB1.8 billion, undertook 13 state-level science and technology projects, received 26 provincial and ministry-level (including industry) technology awards, obtained 109 national patents, and played a leading role in formulating 44 national, industrial and local standards. The state-level technology center of the Company was highly evaluated by the National Development and Reform Commission with its high quality. The Ultra-low Energy Consumption Construction Project Research Center of the BBMG Academia Sinica has been approved by the Beijing Municipal Science & Technology Commission. Zanhuang BBMG Cement Co., Ltd. has been conferred the title of enterprise technology center of Hebei Province. Tongda Refractory Technology Co., Ltd. was given the title of new and high technology result transfer model enterprise of Beijing. BBMG established the Dachang Industrial Park Branch of BBMG Academia Sinica and continued to improve the service capability for enterprises in the park. The Company also collaborated with the National Academy of Sciences Service and acquired more than 20 "patented push" website services. Furthermore, the Company finished its 19 major R&D projects with practical, strategic and forward-looking results. The Company has formulated and implemented the R&D Project Administration Measures to rectify R&D project flow and strengthen fine management of every step of R&D projects. The above measures successfully boosted technology innovation, broke through the bottleneck constraining the industrial development of the Company and created new conditions for the Company's flexible industrial transformation to intellectualization and digitization, upgrades as well as an innovation-driven environment.

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", 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 first pilot enterprises in China 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" 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 first demonstration line of utilizing cement kiln for hazard-free disposal of industrial solid waste in China, the first production line of applying the synergetic use of cement kiln for the disposal of fly ashes from garbage incineration in China, 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 capacity to dispose of more than 200,000 tonnes of sludge, 30,000 tonnes of fly ashes and 40 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, which are environment-friendly, energy-saving and low-carbon with heat-insulation, heat preservation and fireproof features. The Company successfully formulated quality and quantity standards for the transformation and upgrading of manufacturing enterprises, efficiently promoted the standardization of environmental protection, the environmental self-supervision and examination as well as the rectification and implementation mechanism for the enterprise, which maximize 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", a distinctive honor in the environmental protection field. The Company was the only enterprise to win the "Green Ecology Media Award" under the Beijing Influence Award. Beijing Cement Plant Co., Ltd., Beijing Liulihe Cement Co., Ltd. and Tianjin Zhenxing Cement Co., Ltd., all being subsidiaries of the Company, were among the first batch of enterprises recognized as "Energy Conservation and Emission Reduction Model Enterprises" in the building material sector.

   In 2015, the Company invested approximately RMB250 million in implementing environmental protection measures and clean energy transformation, and obtained the environmental protection incentive fund of more than RMB24 million from the government. The Company strengthened the comprehensive utilization of resources, with over 40 of its subsidiaries benefiting from the preferential tax policy in relation to comprehensive utilization of resources, over 50 certificates on comprehensive utilization of resources held as well as comprehensive utilization of 20 types of waste listed in the state directory totaling more than 20 million tonnes. The residual heat power generators established by the cement enterprise subordinated to the Company has a total capacity of 200 MW by the end of 2015. It is expected that nearly 1.4 billion kWh of electricity can be provided per year, with reduction in consumption of standard coal by approximately 350,000 tonnes and CO2 emissions by nearly 1.2 million tonnes. Beijing Liulihe Cement Co., Ltd., Beijing Cement Plant Co., Ltd. and Beijing Taihang Qianjing Cement Co., Ltd. remained in operation and were listed as environment protection infrastructure of the city upon the approval of the Beijing government; The project carried out by Beijing Cement Plant Co., Ltd. that utilized cement kiln for hazard-free disposal of polluted soil has disposed of polluted soil making use of the heat generated by burning industrial wastes, realized the goal of "waste control by waste" and became the first enterprise in China to perform large-scale disposal of volatile and semi-volatile polluted soil with cement kiln by utilizing advanced international technologies; Beijing Liulihe Cement Co., Ltd. has taken part in the fly ash project. Zhuolu Jinyu Cement Co., Ltd. has coordinated with the Company and participated in the hazardous wastes project and helped obtained the business permit on hazardous wastes. Beijing Liulihe Cement Co., Ltd., Beijing Taihang Qianjing Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd. and other companies have completed their tasks as to the construction and operation of sludge disposal project.

4. Competitive Edge in Industry-Finance Integration: BBMG Finance Co., Ltd. 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.

   In 2015, the Company has successfully performed non-public offering of A shares valued at approximately RMB4.7 billion, which has further secured the operation and asset liquidity of the Company, as well as boosted its sustainable development. By deepening cooperation with financial institutions, the Company registered bonds of RMB25 billion and successfully issued RMB7 billion of such bonds, which has effectively improved the term structure of the liabilities of the Company. The Company further diversified the investment methods for overall development, expanded the financing channels and further strengthened capital protection. The Company also increased its investment in BBMG Hong Kong Co., Ltd. by establishing BBMG Finance Lease Co., Ltd., which expanded the foreign financing channels of the Company.

5. Competitive Edge in Corporate Culture and Branding: The Company established a scientific model for the control and management of corporate culture and improved the management procedures of the same. The Company forms core values of "faith, respect and responsibility" under the basic framework for the core essence of BBMG's corporate culture which is composed of human spirits of "three emphasis and one endeavor", "integration, communion, mutual benefit and prosperity", "eight specials" and "boost enterprise growth with practical actions". The Company established a comprehensive talent-fostering project to form BBMG's talent cultural concept of "adopting people-oriented approach for everyone to develop their talents", and established and improved the mechanism to foster, appoint, evaluate, encourage and exchange talents, thereby

strengthening the employees' loyalty, sense of identity and sense of belonging to the enterprise, as well as igniting and maintaining the powerful momentum to effectively drive the development of the enterprise. According to China's 500 Most Valuable Brands issued by the World Brand Lab, BBMG's brand value has exceeded RMB33 billion and "BBMG" has been consecutively honored as a 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.

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

(I) Industry Competition pattern and Development Trend

The current economic downward pressure remains immense; the overall market demand remains weak; the shift from the old growth momentum to the new one will take time; and the pain of structural adjustment will continue. Yet, the state's pressing ahead with supply-side structural reform, greater efforts in de-capacity, de-stocking, deleveraging, reducing costs and bolstering weak spots, gradual release of reform dividend, and improved market mechanism will bring new impetus to upgrade the quality and efficiency of China's economy, and will offer rare new historical opportunities for the industry and the Company to achieve new leaps in development.

1. Correct understanding of the long-term new economic normals. After the financial crisis, the world economy and trade decline, and China's economy is faced with the dual pressures of cyclical slowdown and restructuring, so economic slowdown and downward trend will persist in the long run. In the next few years, the country's GDP growth is expected to maintain at from 6.5% to 7%, suggesting no fundamental changes in the market demand in the near future.

   Presently, China is speeding up the "supply-side structural reform", and the disposal of "zombie companies" has been put on the agenda. The survival pressures will further increase on some enterprises with small production capacity, low-tech, backward environmental protection and weak market competitiveness. Those enterprises at a loss for many years may be identified as "zombie companies", and forced to quit or knocked out from the market.

2. Correct understanding of the grave situation facing the industry. Against the backdrop of serious excess capacity, a serious decline in economic benefit of the industry is few and far between for many years, and the development of the industry is in a serious imbalance between supply and demand.

   Competition in the cement industry is more intense. In 2015, the annual cement production dropped about 5% year on year, with that of the market in North China declining by about 15%. The revenues of cement industry saw a YoY decrease of about 10%, and its profits stood at about RMB33 billion, down around 58% over the same period last year. To be specific, the revenues of the cement industry in North China amounted to approximately RMB66.2 billion, plunging by about 223% as compared with that of last year. Worse still, the annual loss reached RMB4.21 billion, a YoY drop of about 157 times.

   The property market as a whole continued to adjust and roll back in the past year. In 2015, development and investment in the property industry nationwide achieved a year-on-year increase of 1.3%, a substantial year-on-year roll back in the growth rate, hitting another low level since the reform of housing system. The accumulative newly developed land area for commodity housing declined by 14% compared with the same period last year. However, motivated by a series of stimulating government policies, the sales of housing began to recover. With the worsening of differentiation in land market, "The Most Expensive Land" emerged in a row in hot cities, while the land market in third and fourth-tier cities remained sluggish. The advocation was raised at the 2015 Central Economic Work Conference of "Expanding effective demands, connecting supply and demand and digesting stocks". As relatively lenient policies were issued in a row, the market demands would be further released and the sales would recover gradually, especially the sales of housing in first-tier cities with obvious backup momentums. In the meantime, the market differentiation among cities continued to exist and the sales in some of the bulk-stocked cities remained blue. In addition, triggered by housing policies, land purchasing costs for various property development enterprises continued to increase, which enhanced the yield risks of future property projects.

3. Correct understanding of the strategic opportunities for development. Despite the hardship and threats, we should see the opportunities and favorable conditions for development.

   First, during the "13th Fiver-Year Plan", the average annual GDP growth rate of China should be no less than 6.5%, which seemed to decrease a lot but indicated remarkable absolute value. In general, China's economy tends to grow in a sound manner in the long run, so the following year is still a period of important strategic opportunities for making great achievement.

   Second, China's reform of the supply front and innovation drive will bring new markets and demands. In the past, the repeated construction in architecture material industry resulted in serious excess production capacity, while lack of effective and quality supply led to the excess-demand situation of many high-end, quality and special products. With the building of a new national industrial system and implementation of the Outline of Made in China 2025, the industrial development will transform from quantitative increase to qualitative elevation, to comprehensive improvement of product functions and performance and adding refined products, upgrading levels and shaping brands. The cost-effective, high value-added and high-end products the Company is researching on and planning to develop will create new source for economic growth.

Third, the synergistic development of Beijing, Tianjin and Hebei Provicne, the transferring of the industrial functions of the Beijing capital city has provided the Company with the opportunities for industrial transformation and upgrading and development driven by innovation. The planning and construction of some major projects such as Beijing Subsidiary Administrative Center and new airport in Beijing will accelerate the sales of the Company's products like cement, concrete and new building materials; The transferring of the industrial functions of the Beijing capital city and the reconstruction of old communities and squatter settlements in central Beijing will also create opportunities for the development of the Company's property development, new building materials and property investment and management.

Fourth, the relative state policies encouraging integration production capacity is beneficial for the Company's regional mergers and acquisitions and integration of sources like mines and land, on which basis it can carry out corresponding upgrades and reconstruction, laying foundation for its further development.

(II) The Company's Development Strategy

During the "13th Five-Year Plan", the Company will develop major businesses including "manufacturing, trading and services of new green and environmental friendly building materials, and real estate development and property management" in accordance with the positioning of an "internationally renown and nationally leading building material industry group". The overall situation is guided by the state's strategic layout of "Four Comprehensives" and the development philosophy of "innovation, coordination, green, open and sharing". The Company seizes the significant opportunity of the transferring of the industrial functions of the Beijing capital city, the synergistic development of Beijing, Tianjin and Hebei Province and "One Belt and One Road", coordinates industrial strategy layout and accelerates transformation and upgrading based on significant national strategies such as the Internet+ and "Made in China 2025". It establishes the development concept centering on "transformation and upgrading, innovation and development, open and integration, and sharing results", and stimulates innovation through reform and promote development through innovation in an effort to comprehensively and continuously encourage BBMG to achieve a new leap in history. The Company adheres to be driven by both innovation and capital and industry-finance integration, to basing itself on China and expanding internationally, to green, smart and low-carbon eco, to optimization and transformation and transforming and upgrading traditional industries via the Internet + Integration, to equal emphasis on quality and efficiency, to making the core basic industries stronger, better and larger and to accelerating the development of new industries. Additionally, the Company builds an enterprise featured by value seeking, services and creation as well as brand and efficiency, becomes the creator of a better urban life based on industries and guided by services, and attains the established objectives of "one core, two leaps, three breakthroughs, sharing of innovation and development results". In other words, value creation is the core; the leap from a building material manufacturer to an urban life service provider and that from localization strategy to international strategy are achieved; substantial breakthroughs in the Company's market value, operating revenues and profits are made; all employees and stakeholders share the innovation and development results. The Company's core competitiveness, brand influence and value creation are remarkably enhanced. Besides, the Company develops into an internationally renowned and nationally leading building material industry group and speeds up its inclusion into the Global 500.

Development Strategy for the Company's Segments in 2016:

1. Cement and ready-mixed concrete segment is based on depth integration of information technology and manufacturing technology and guided by green and low-carbon development, concentrates on improving profitability, optimizes production, supply, sales and management pattern, stimulates and taps the potential for efficient allocation of various factors of production, perfects and strengthens segment stock assets, maximizes the economies of scale and synergies, creates cost advantage and comparative advantage, and nurtures the Company's core competitiveness and capacity of sustainable development.

2. Modern building materials and commerce and logistics segment needs to make the best use of the stock resources, explores new approaches to increment and development, comprehensively carries out benchmark management, implements enterprise diagnosis and enhances corporate core competitiveness and profitability. The commerce and logistics segment needs to break into both the domestic and international market, and builds an international trade industry primarily engaging in home services and bulk commodity trade and owning operating entities, e-business services and many other operating channels.

3. Real estate development segment adheres to the guideline of "accelerating cash flow" and the "adjustment to two structures", explores innovative mechanisms for cooperation and land acquisition on the premise of taking the initiative, expands access to projects, reasonably considers land acquisition price, innovates and optimizes control business model, boosts operation efficiency of projects, strictly controls project operating costs, enhances product competitiveness and encourages steady growth in the size and profit of the real estate segment.

4. Real estate and property segment actively promotes management innovation, vigorously presses ahead with the transformation and upgrading of enterprises and maintains the continued economic growth of the segment in accordance with the principle of "changing concept, adjusting structure, strengthening management, and promoting growth".

(III) Business Plan

2016 is the first year of the "13th Five-Year Plan". Confronted with the complex and changeable external economic environment and new opportunities for reform and development, the Board of the Company will carefully study and judge the macroeconomic situation and the economic operating dynamics of the industry, carry out transformation, optimization and upgrading, stimulate development via innovation, bolster confidence in development, strengthen the responsibilities for development, create new development paths and resolve difficulties in development, hence laying sound groundwork for accelerate the attainment of the Company's objectives during the "13th Five-Year Plan".

(IV) Possible Risks

1. Risks in Policies

   The development of cement and property sectors are directly subject to macroeconomic development and macroeconomic control policies. Transformation and upgrade for sustainable development will become the main theme for cement companies, given the current excessive production capacity across the cement industry and the heightened control of governments over overcapacity and environmental pollution. Before the long-term mechanisms conducive to healthy development of the real estate industry become mature, regulatory policies for the real estate industry, especially at regional levels, will be further differentiated and diversified.

   Solution: Leveraging fully on the advantages in scale, region and brand, the Company will sharpen its core competence and minimize the risks brought by macroeconomic policies through enhancing the interpretation, analysis and judgment of the national macroeconomic policies, actively adapting to the "new normal" in response to national policies, making use of market trends, further raising the awareness in opportunity identification, synergy among industry segments and development and incrementally enhancing the abilities in institutional innovation, system innovation, technology innovation and management innovation.

2. Risks in Market Competition

   The regional market where the cement segment of the Company operates is faced with unbalance in demand and supply and fierce price competition among enterprises, with concentration in need of further improvement, and which constrains and impedes the profitability of the cement segment of the Company.

   Solution: Adhering to the principal business of cement, the Company will expedite the development of up and down-stream products and businesses such as aggregate, commercial concrete, mortar and cement products, and improve the regional market integration to expand its regional market share. Meanwhile, the Company will intensify internal management and boost its market competitiveness by accelerating transformation and upgrading, enhancing technology research and development and innovation, tweaking equipment and technologies, saving energy and reducing consumption and lowering production costs.

3. Risks in Capital Operation

In 2016, the central bank will maintain a prudent monetary policy. The interest rate marketization revolution will be further accelerated. Since it is in the stage of rapid development, the Company will face certain level of financial pressures to maintain daily operations and meet needs of future development.

Solution: The Company will strengthen budget and liquidity management, improve coordinated capital allocation, and expand the scope of financing products and channels. BBMG Finance Co., Ltd. will continue to optimize its operation to give full play to its role as a financial vehicle and a platform for managing liquidity and economic risks.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group's total assets amounted to RMB130,746.7 million, an increase of 13.0% from the beginning of the Reporting Period, of which liabilities amounted to RMB88,564.8 million, minority interests amounted to RMB4,098.9 million and total equity attributable to the shareholders of the parent company amounted to RMB38,083.0 million. The asset quality of the Group was significantly improved. Total equity attributable to shareholders amounted to RMB42,181.9 million, an increase of 16.4% from the beginning of the Reporting Period. As at 31 December 2015, the Group's net current assets were RMB24,149.0 million, an increase of RMB8,643.9 million year-on-year. Debt ratio (total liabilities to total assets) as at 31 December 2015 was 67.7%, a slight decrease of 1.0 percentage point from the beginning of the Reporting Period.

As at 31 December 2015, the Group's cash and bank balances amounted to RMB18,369.9 million, an increase of RMB7,389.7 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, short-term financing bonds, corporate bonds, medium-term notes, private bonds and banking facilities provided by its principal bankers in the PRC. As at 31 December 2015, the Group's interest-bearing bank borrowings amounted to RMB25,504.6 million (as at 31 December 2014: RMB21,728.6 million) and bore fixed interest rates. Of these borrowings, approximately RMB18,616.0 million interest-bearing bank borrowings were due for repayment within one year, an increase of approximately RMB3,666.9 million from the beginning of the Reporting Period. Approximately RMB6,888.6 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB109.1 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. The Company has sufficient capital for its operations. As at 31 December 2015, the Group had no future plans for material investments or capital assets.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

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

CONNECTED TRANSACTION

On 25 December 2015, the relocation and compensation agreement was entered into between 北京金隅混凝土有限公司 (BBMG Concrete Co., Ltd.) (a wholly-owned subsidiary of the Company) and 北京西砂資產經營有限公司 (Beijing Xisha Asset Operation Co., Ltd.) (a wholly-owned subsidiary of BBMG Group). Pursuant to the relocation and compensation agreement, BBMG Concrete Co., Ltd. agreed to demolish and vacate the properties on the land parcel with an area of 130,112.741 square meters which is located at Tiancun Shan, Haidian District, Beijing, and spans to the current Railway No. 101 in the east, to Laoshan North Road in the south, to Shangzhuang East Road in the west and to Fushi Road in the north and Beijing Xisha Asset Operation Co., Ltd. agreed to compensate BBMG Concrete's relocation costs in the amount of approximately RMB94,931,000.

PROPOSED ISSUE AND PLACING OF A SHARES AND CONNECTED TRANSACTION (PROPOSED SUBSCRIPTION OF A SHARES BY BBMG GROUP)

On 26 March 2015, the Board resolved and proposed to place A shares of the Company to raise gross proceeds of up to RMB5,000 million to not more than 10 target subscribers (including the BBMG Group) (the "**2015 Proposed Placing**") to finance the resident and commercial property development projects of the Group in Beijing, Nanjing and Tianjin and to supplement the working capital of the Group, details of which have been set out in the announcements of the Company dated 26 March 2015, 1 April 2015, 4 May 2015, 27 May 2015, 11 June 2015, 26 June 2015, 28 July 2015, 12 August 2015, 20 August 2015, 18 September 2015 and 28 October 2015 and the circular of the Company dated 30 April 2015. At the annual general meeting for 2014 held on 27 May 2015 and the 2015 first extraordinary general meeting held on 12 August 2015, the relevant resolutions in relation to the 2015 Proposed Placing were duly passed.

The Board believes that the completion of the 2015 Proposed Placing will assist the Group in its development of property development projects and enhance the Group's competitiveness in its core businesses, which would overall improve its business structure, financial conditions, results of operation, profit generation, cash inflows from operating activities, debt ratio and capital structure by laying a healthy, stable and solid development foundation, which are in the best interests of the Company and its Shareholders as a whole. In addition, the subscription by BBMG Group also demonstrates the confidence the BBMG Group places in the Company and its support to the development of the Company's business, which is conducive to enhancing the market image of the Company.

Reference is also made to the announcement of the Company dated 7 December 2015. On 3 December 2015, the Company completed the 2015 Proposed Placing. Upon completion of the 2015 Proposed Placing, the total number of the Shares of the Company increased from 4,784,640,284 Shares to 5,338,885,567 Shares. The total proceeds raised from the 2015 Proposed Placing were RMB4,699,999,999.84. After deducting the costs of the 2015 Proposed Placing and taking the interest income into consideration, the net proceeds of the 2015 Proposed Placing was RMB4,637,875,039.84.

Basic information on the 2015 Proposed Placing

1. Class of shares: A Shares

2. Nominal value per share: RMB1.00

3. Number of shares issued: 554,245,283 A Shares

4. The issue price: RMB8.48 per A Share

On completion of the 2015 Proposed Placing, the final target subscribers and number of Shares issued are as follows:

Number	**Name of target subscribers**	**Number of Shares subscribed**	**Amount** *(RMB)*	**Lock-up period**
1	BBMG Group	94,339,622	799,999,994.56	36 months
2	Qian Hai Life Insurance Co., Ltd.*	56,603,773	479,999,995.04	12 months
3	Tianjin Building Materials Group (Holdings) Co., Ltd.*	53,655,665	455,000,039.20	12 months
4	Bosera Asset Management Co., Ltd.*	53,066,037	449,999,993.76	12 months
5	Pingan UOB Fund Management Co., Ltd.*	77,830,188	659,999,994.24	12 months
6	Guohua Life Insurance Co., Ltd.*	70,754,716	599,999,991.68	12 months
7	Caitong Fund Management Co., Ltd.*	81,957,547	694,999,998.56	12 months
8	Manulife Teda Fund Management Co., Ltd.*	66,037,735	559,999,992.80	12 months
Total		**554,245,283**	**4,699,999,999.84**	

The shareholding structure of the Company immediately before and after completion of the 2015 Proposed Placing is as follows:

	Immediately before completion of the 2015 Proposed Placing		**Immediately after completion of the 2015 Proposed Placing**	
Shareholders	**Number of Shares**	**Approximately percentage to the total issued Shares of the Company**	**Number of Shares**	**Approximately percentage to the enlarged total issued Shares of the Company**
BBMG Group	2,304,339,164 A Shares	48.16%	2,398,678,786 A Shares	44.93%
Public/other public Shareholders	1,310,918,685 A Shares	27.40%	1,770,824,346 A Shares	33.17%
	1,169,382,435 H Shares	24.44%	1,169,382,435 H Shares	21.90%
Total	**4,784,640,284**	**100%**	**5,338,885,567**	**100%**

In order to enhance the utilization efficiency of the proceeds from the 2015 Proposed Placing and reduce financial costs, according to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the Board meeting held on 25 December 2015, the Company was agreed to use RMB2,650.0 million from the idle proceeds from the 2015 Proposed Placing as temporary replenishment of working capital, for a term not more than 12 months from the date the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds from the 2015 Proposed Placing. Use of partial idle proceeds from the 2015 Proposed Placing as replenishment of working capital will not change or disguisedly change any part of the applications. The working capital temporarily replenished will only be applied for production and operation related to the principal businesses, and will not directly or indirectly used for placement and application of new shares, or for transactions such as shares and its derivatives, convertible bonds. The Company will return the monies in a timely manner to the designated account for proceeds from the 2015 Proposed Placing by using its own funds or bank loans at any time upon demand for construction of investment project financed by proceeds raised to ensure the progress of the project.

USE OF PROCEEDS FROM THE 2015 PROPOSED PLACING

RMB million

No.	Project	Funds to be invested out of the proceeds from the 2015 Proposed Placing	Accumulative actual use of proceeds from the 2015 Proposed Placing as at 31 December 2015
1	Beijing Chaoyang District Chaoyang North Road residential, secondary and primary school and nursery project (北京市朝陽區朝陽北路地塊二類居住、中小學合校及托幼用地項目)	900.0	350.1
2	Beijing Chaoyang District, Dongba Dandian secondary residential and primary school project (北京市朝陽區東壩單店二類居住及小學用地項目)	1,700.0	331.6
3	Tianjin BBMG Zhongbei Town residential project (天津市金隅中北鎮住宅項目)	500.0	247.1
4	Nanjing City Jianye District Xinglong Street North project (南京市建鄴區興隆大街北側項目)	1,000.0	182.3
5	Supplementing working capital	600.0	600.0
	Total	**4,700.0**	**1,711.1**

USE OF PROCEEDS FROM THE 2013 PROPOSED PLACING

On 5 September 2013, the Board approved the proposed non-public issue and placing of not more than 500,903,224 A Shares (the "**2013 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**"). Each of BBMG Group and the Fund 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.

Gross proceeds raised from the 2013 Proposed Placing were approximately RMB2,795.0 million. Based on the estimation of all applicable costs and expenses in association with the 2013 Proposed Placing, the net proceeds from the Proposed Placing (after deducting all applicable costs and expenses in association with the proposed placing) were approximately RMB2,774.7 million, and approximately RMB1,795.2 million of which would be used to fund the investment in the furniture manufacturing project situated at the BBMG Da Chang Industrial Park, Da Chang Hui Autonomous County, Hebei Province, the PRC (the "**Furniture Project**").

Due to the change of business plans and to make better use of existing resources instead of purchasing new facilities, the total investment amount for the Furniture Project is adjusted from RMB2,538.1 million to RMB1,294.1 million, and the Company used RMB900.0 million of the net proceeds from the 2013 Proposed Placing to fund the Furniture Project, with the remaining net proceeds from the 2013 Proposed Placing of approximately RMB895.2 million used for the Group's working capital purposes (the "**Proposed Change of Proceeds**"). Pursuant to the relevant PRC laws, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"), the Proposed Change of Proceeds was proposed at the 2014 annual general meeting held on 27 May 2015 and was considered and approved by the shareholders of the Company.

RMB million

No.	Project	Total investment for the project according to the original plan	Total investment for the project after the change	Proceeds from the 2013 Proposed Placing to be used according to the original plan	Proposed Change of Proceeds	Accumulative actual use of proceeds from the 2013 Proposed Placing as at 31 December 2015
1	Engineering project of BBMG international logistics park	1,369.4	1,369.4	979.5	979.5	308.1
2	Furniture Project with an annual production capacity of 0.8 million pieces of furniture	2,538.1	1,294.1	1,795.2	900.0	419.5
3	Temporary replenishment of working capital *(Note)*	–	–	–	–	1,151.9
4	Permanent replenishment of working capital	–	–	–	895.2	895.2
Total		**3,907.5**	**2,663.5**	**2,774.7**	**2,774.7**	**2,774.7**

Note: The term of use for the RMB2,200.0 million from the idle proceeds from the 2013 Proposed Placing used by the Company as temporary replenishment of working capital shall be not more than 12 months from the date the Board considered and approved the use at a meeting on 12 April 2014, upon expiry of which on 9 April 2015, RMB2,200.0 million had been returned to the designated account for proceeds from the 2013 Proposed Placing. According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the Board meeting held on 14 April 2015, the Company was agreed to use RMB2,200.0 million from the idle proceeds from the 2013 Proposed Placing as temporary replenishment of working capital, for a term not more than 12 months from the date the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds from the 2013 Proposed Placing. Use of partial idle proceeds from the 2013 Proposed Placing as replenishment of working capital will not change or disguisedly change any part of the applications. The working capital temporarily replenished will only be applied for production and operation related to the principal businesses, and will not directly or indirectly used for placement and application of new shares, or for transactions such as shares and its derivatives, convertible bonds. The Company will return the monies in a timely manner to the designated account for proceeds from the 2013 Proposed Placing by using its own funds or bank loans at any time upon demand for construction of investment project financed by proceeds raised to ensure the progress of the project.

On 13 October 2015, the Company had returned RMB895.2 million out of RMB2,200.0 million above ahead of schedule to the designated account for proceeds from the 2013 Proposed Placing.

PLEDGE OF ASSETS

As at 31 December 2015, certain of the Group's inventories, fixed assets, investment properties, intangible assets-land use rights and bills receivable amounting to RMB11,337.6 million (as at 31 December 2014: RMB8,935.3 million) were pledged to secure short-term and long-term loans of the Group, which accounted for approximately 8.7% of the total assets of the Group (as at 31 December 2014: 7.7%).

CONTINGENCIES

Unit: RMB

	As at 31 December 2015	As at 31 December 2014
Provision of guarantee to third parties *(Note)*	**5,669,464,952.49**	6,229,968,642.05

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. The management is 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.

COMMITMENTS

Unit: RMB

	As at 31 December 2015	As at 31 December 2014
Contracted but not provided for:		
Capital commitments	**361,924,923.37**	135,966,972.58
Property development contracts	**8,413,910,062.16**	7,638,005,516.15
Investment commitments	**–**	245,668,600.00
	8,775,834,985.53	8,019,641,088.73

The significant commitments made by the Group as at 31 December 2014 have been duly performed as previously undertaken.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had 28,619 employees in total (as at 31 December 2014: 28,753 employees). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB1,839.9 million (for the year ended 31 December 2014: RMB1,720.7 million), representing an increase of approximately of 6.9%.

The Company maximized the enthusiasm and creativity of its staff through staff deployment to give full play to synergistic growth of the staff income and economic benefits, so as to maintain the stability of our staff team as well as attract, introduce and retain talents, strengthening the core competitiveness and creativity of the development of the Company on an ongoing basis. The Company has established a fairer and more reasonable, scientific and standardized remuneration and benefit system for employees by making continuous improvement on the same. The adaptability and effectiveness of remuneration policy towards the Company's business development has played an active role in maintaining the capacity for the sustained robust development of the Company. As the actual situation of the Company and the features of business developments of its subsidiaries varied, with a view to executing the remuneration and benefit programme in a more flexible and efficient manner, the Company's remuneration policy was mainly implemented in certain forms set out as follows:

Operations and management staff (including senior management of parent company and subsidiaries) receives salaries mainly on an annual basis. The Company raised the proportion of performance-based pay in the total remuneration, as well as implemented deferred payment for the performance-based pay within their tenure of service, facilitating the performance of due diligence and diligent responsibility of senior management through its policies and systems. The Company adopted a position-based salary system for its general management, technicians and production personnel, featuring salaries according to role. The Company raised the proportion of fixed income to enhance the security function of salary and guarantee the stability of staff team through a well-established position evaluation system. Meanwhile, the Company put greater efforts in performance assessment to develop a fairer and more scientific income distribution system so that all staff could be benefited from the development of the Company. Focusing on the different characteristics of our subsidiaries, the Company also proactively explored a remuneration distribution system with various allocation factors for management, sales and technical personnel in a bid to boost the enthusiasm and creativity of key talents and enhance the production efficiency by adopting piece rate for production staff. The Company proactively facilitated the trial operation of a broad band salary system and the assessment and engagement system for professional and technical personnel and core staff for enterprises with solid foundation in management and stable business development, opened up channels for career development and remuneration adjustment, in order to give full play to boosting the enthusiasm and creativity of its staff and create a harmonious and stable working environment.

In addition, the Company has also established a sound benefit system for employees by paying comprehensive social insurance and housing fund, adopting annuity system (to supplement the pension insurance) and supplemental medical insurance. The front-line employees with exceptional performance will be awarded the honorary title of "Chief Employee" and corresponding subsidies or elected as the "BBGM Employee with Honors" who will be granted the corresponding salary for his/her contributions of the year. The Company released the high temperature subsidy and keep warm subsidy in a timely manner, and gave comprehensive protection for its staff in respect of their legal right and interest.

TRAINING SCHEME

The Company's training program encompasses theoretical study classes for department heads and cadres in factories, backup team training for talents of three supports (supporting agriculture, education and health), training for grassroots party workers, that for party representatives, that for senior corporate management personnel, that for orientation of college graduates, that for human resource managers, continuing education for legal advisers, training for special operating personnel, that in standardized environmental construction and implementation plans, that in petition business, that for chief employees, covering a total of 8,600 people.

The statistics of the profession composition of the employees (as at 31 December 2015)

Employee profession	**Number of employees**
Production personnel	17,286
Sales personnel	3,062
Technical personnel	3,033
Financial personnel	1,063
Administrative personnel	3,402
Other personnel	773
Total	28,619

The statistics of the education level of the employees (as at 31 December 2015)

Education level	**Number of employees**
Postgraduate or higher	635
Undergraduate	7,706
Tertiary college graduate	5,771
Secondary vocational school graduates or lower qualifications	14,507
Total	28,619

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 accounts and bills receivable, cash and bank balances are denominated in the same currency or a currency that is pegged to the functional currency of the operations to which the transactions are related. Accordingly, it is believed that the Group has minimal foreign currency risks. The Group has not used any forward contract or currency borrowing to hedge its interest rate risks. Fluctuations of the exchange rates of foreign currencies did not constitute any major challenges for the Group nor had any significant effects on its operations or working capital during the Reporting Period. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

TREASURY POLICIES

The Group adopts conservative treasury policies and controls tightly its cash and risk management. 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 SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as was known to the Directors, as at 31 December 2015, shareholders of the Company who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of 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 issued share capital** *(%)*	**Percentage of total issued share capital** *(%)*
A Shares	BBMG Group	Beneficial owner	2,398,678,786	57.53	44.93
	Beijing State-owned Capital Operation and Management Center *(Note)*	Held by controlled corporation	2,398,678,786	57.53	44.93
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality *(Note)*	Held by controlled corporation	2,398,678,786	57.53	44.93
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	142,836,934	12.21	2.68
H Shares	FMR LLC	Investment manager	118,870,042	10.17	2.23
H Shares	BlackRock Global Funds	Beneficial owner	88,092,500	7.53	1.65
H Shares	JPMorgan Chase & Co.	Beneficial owner	20,769,479	1.78	0.39
		Investment manager	24,664,500	2.11	0.46
		Custodian-corporation/approved lending agent	36,022,000	3.08	0.67
H Shares	UBS Group AG	Person having a security interest in shares	51,730,030	4.42	0.97
		Interest of corporation controlled by the substantial shareholder	23,087,143	1.97	0.43
H Shares	Sloane Robinson LLP	Investment manager	70,497,000	6.03	1.32

Note: BBMG Group is a wholly-owned subsidiary of 北京國有資本經營管理中心 (Beijing State-owned Capital Operation and Management Center) (the "**Center**"). The Center is a collectively-owned enterprise established under the laws of the PRC with registered capital fully paid up by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Lending pool:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of Shares held	Percentage of such shareholding in the same type of issued share capital *(%)*	Percentage of total issued share capital *(%)*
H shares	JPMorgan Chase & Co.	Custodian corporation/approved lending agent	36,022,000	3.08	0.67

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 issued share capital *(%)*	Percentage of total issued share capital *(%)*
H shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	5,746,000	0.49	0.11
H shares	UBS Group AG	Interest of corporation controlled by the substantial shareholder	3,921,874	0.34	0.07
H shares	JPMorgan Chase & Co.	Beneficial owner	1,240,500	0.11	0.02

Save as disclosed above, as at 31 December 2015, so far as was known to the Directors, 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 disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

As at 31 December 2015, the interests or short positions of the Directors, supervisors or chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), 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 they are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, were as follows:

Name of director	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Jiang Deyi	Beneficial owner	31,500	–	0.00%
Wu Dong	Beneficial owner	30,000	–	0.00%
Zhang Jianli	Beneficial owner	20,900	–	0.00%
Li Weidong	Beneficial owner	25,600	–	0.00%
Wang Shizhong *(note)*	Beneficial owner	25,400	–	0.00%

All the shareholding interests listed in the above table are "long" position.

Note: Wang Shizhong resigned as an executive director of the Company on 19 February 2016.

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 standards set out in the Model Code. Relevant employees who are likely to be in possession of unpublished inside information of the Company in relation to the purchase and sale of the securities of the Company are also required to comply with the Model Code.

As at 31 December 2015, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the Reporting Period. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognized the importance of accountability and communication with Shareholders through continuous effort in improving its corporate governance practices and processes. Through the establishment of a quality and effective Board, a comprehensive internal control system and a stable corporate structure, the Company strives to achieve completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase Shareholders' value and profit.

During the Reporting Period, the Company had applied the laws and regulations of the places where it operates its business as well as the regulations and guidelines stipulated by regulatory authorities such as the China Securities Regulatory Commission, the Hong Kong Securities and Futures Commission, the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company had applied the principles and complied with all the code provisions of the corporate governance code (the "**CG Code**"), as amended from time to time, set out in Appendix 14 to the Listing Rules during the Reporting Period as its own code on corporate governance practices. During the Reporting Period, the Company had reviewed its corporate governance documents and is of the view that the Company had fully complied with the code provisions of the CG Code other than Code A.2.1, which requires that the roles of chairman and chief executive officer should be two separate roles and should not be performed by the same individual. Currently, Jiang Deyi serves as the Chairman as well as the President of the Company. Despite such deviation, the directors believe that vesting such roles in Jiang Deyi will allow for more effective planning and execution of business strategies of the Company. As all major decisions are made in consultation with other members of the Board, the Company believes that there is adequate balance of power and authority in place.

Looking forward, the Company will continue to review its corporate governance practices and enhance its internal controls and risk management procedures to ensure their consistent application and will continue to improve the practices having regard to the latest developments.

A full description of the Company's corporate governance will be set out in the section of Corporate Governance contained in the annual report for the Reporting Period.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to allow for flexibility in the composition and number of directors/supervisors for the Board and Supervisory Board, amendments were made to the Articles of Association of the Company (the "**Articles of Association**") to alter the number of members of the Board and Supervisory Board subsequent to the approval by the shareholders at the 2015 First Extraordinary General Meeting. The amendments to the Articles of Association took effect on 27 November 2015. Details of the amendments were disclosed in the circular of the Company dated 30 October 2015.

Subsequent to the completion of the 2015 Proposed Placing, two amendments were made to the Articles of Association to reflect the changes in the total issued share capital and the shareholding structure of the Company after completion of the 2015 Proposed Placing. Details of the amendments were disclosed in the announcement of the Company dated 27 December 2015.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the CG Code with written terms of reference, aiming at reviewing and supervising the Group's financial reporting procedures. The Audit Committee consists of two executive Directors and four independent non-executive Directors. At a meeting convened on 22 March 2016, the Audit Committee reviewed and considered the consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also recommended the Board to adopt the Group's consolidated financial statements for the Reporting Period.

As at the date of this announcement, members of the Audit Committee are Shi Xijun (executive Director), Zhang Jianli (executive Director), Wang Guangjin (independent non-executive Director), Tian Lihui (independent non-executive Director), Tang Jun (independent non-executive Director) and Ngai Wai Fung (independent non-executive Director). Tian Lihui is the chairman of the Audit Committee.

REMUNERATION AND NOMINATION COMMITTEE

The Company has established the Remuneration and Nomination Committee with written terms of reference. The primary duties of the Remuneration and Nomination Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, review the performance-based remuneration, ensure that no Director is involved in determining his own remuneration and nominate candidates to fill up any vacancy of the Board. As at the date of this announcement, the Remuneration and Nomination Committee consists of six members, namely Wu Dong (executive Director), Zang Feng (executive Director), Wang Guangjin (independent non-executive Director), Tian Lihui (independent non-executive Director), Tang Jun (independent non-executive Director) and Ngai Wai Fung (independent non-executive Director). Wang Guangjin is the chairman of the Remuneration and Nomination Committee.

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

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This electronic version of this annual results announcement is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.bbmg.com.cn/listco). The annual report for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders and will be available for review on the same websites in due course. The PRC domestic annual results report for the Reporting Period 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 annual results announcement.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members for H shares of the Company will be closed from 19 April 2016 (Tuesday) to 18 May 2016 (Wednesday), both days inclusive, for the purpose of determining entitlements of the shareholders the right to attend and vote at the AGM. In order to qualify for the right to attend and vote at the forthcoming AGM of the Company to be held on 18 May 2016 (Wednesday), all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 18 April 2016 (Monday).

The transfer books and register of members for H shares of the Company will be closed from 26 May 2016 (Thursday) to 31 May 2016 (Tuesday), both days inclusive, for the purpose of determining entitlements of the shareholders to the right to receive the final dividends for the Reporting Period. In order to qualify for the right to receive the final dividends for the Reporting Period and the Bonus Shares, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 25 May 2016 (Wednesday).

APPRECIATION

Lastly, on behalf of the Board, I would like to express my gratitude to the shareholders and business partners of the Group for their support and assistance over the Reporting Period. I expect continued trust and support from the shareholders and business partners for the new value creation and business development.

With new frame of reference and new starting point, we will achieve a new leap-forward and grasp new victories.

By order of the Board
BBMG Corporation*
Jiang Deyi
Chairman

Beijing, the PRC
23 March 2016

As at the date of this announcement, the executive directors are Jiang Deyi, Wu Dong, Shi Xijun, Zhang Jianli, Zang Feng and Li Weidong; and the independent non-executive directors are Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.