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BBMG 金隅

北 京 金 隅 股 份 有 限 公 司
BBMG Corporation*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2009)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- Operating revenue of RMB23,446.8 million, increased by 29.9% from the interim period of 2015
- Gross profit margin from principal business of 24.6%, decreased by 2.8 percentage points from the interim period of 2015
- Net profit of RMB1,601.3 million, increased by 56.7% from the interim period of 2015
- Net profit attributable to shareholders of the parent company of RMB1,821.1 million, increased by 73.8% from the interim period of 2015
- Core net profit attributable to the shareholders of the parent company (excluding the after tax net gains on the fair value of investment properties) of RMB1,485.8 million, increased by RMB633.5 million or 74.3% from the interim period of 2015
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.34

The board of directors (the "**Board**") of BBMG Corporation (the "**Company**" or "**BBMG**") is pleased to announce the unaudited interim financial results and financial position of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016 (the "**Reporting Period**"), prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2015. These interim financial results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

* *For identification purposes only*

RESULTS OF OPERATIONS

For the six months ended 30 June 2016, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB1,821.1 million, representing an increase of approximately 73.8% over the corresponding period last year; basic earnings per share was approximately RMB0.34 (for the six months ended 30 June 2015: RMB0.22), representing an increase of approximately 54.5% over the corresponding period last year; total equity attributable to the shareholders of the parent company was approximately RMB39,750.4 million at the end of the Reporting Period, representing an increase of approximately RMB1,667.4 million from the beginning of the Reporting Period; and net assets value per share attributable to the shareholders of the parent company as at 30 June 2016 was approximately RMB7.45, representing an increase of approximately RMB0.32 from the beginning of the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

UNAUDITED CONSOLIDATED INCOME STATEMENT

Unit: RMB

	Notes	**For the six months ended 30 June 2016 (Unaudited)**	For the six months ended 30 June 2015 (Unaudited)
Operating revenue	*3*	**23,446,783,708.59**	18,056,290,640.79
Less: Operating costs	*4*	**17,621,384,491.95**	13,107,106,371.02
Business tax and surcharges		**891,810,000.02**	1,006,148,156.47
Selling expenses	*5*	**724,144,708.76**	703,873,139.55
Administrative expenses	*6*	**1,522,244,341.36**	1,465,997,581.26
Finance costs	*7*	**708,011,578.48**	684,185,255.43
Asset impairment losses		**235,358,195.62**	25,856,388.20
Add: Gains from changes in fair value		**447,182,996.11**	260,611,970.35
Investment losses		**(11,593,967.67)**	(12,579,115.88)
Including: Losses on investments in associates and joint ventures		***(11,768,428.97)***	*(12,636,756.41)*
Operating profit		**2,179,419,420.84**	1,311,156,603.33
Add: Non-operating revenue	*3*	**209,466,642.57**	245,682,418.40
Including: Gains from disposal of non-current assets		***7,329,967.04***	*3,344,742.68*
Less: Non-operating expenses	*4*	**27,464,754.78**	32,141,893.22
Including: Loss on disposal of non-current assets		***2,516,014.49***	*5,322,143.01*
Total profit		**2,361,421,308.63**	1,524,697,128.51
Less: Income tax expenses	*8*	**760,138,314.35**	503,095,443.62
Net profit		**1,601,282,994.28**	1,021,601,684.89
Net profit attributable to the shareholders of the parent company		**1,821,145,314.54**	1,047,743,415.43
Minority interests		**(219,862,320.26)**	(26,141,730.54)
Earnings per share	*9*		
Basic earnings per share (RMB/share)		**0.34**	0.22
Diluted earnings per share (RMB/share)		**0.34**	0.22

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Net other comprehensive income after tax		
Net other comprehensive income after tax attributable to the shareholders of the parent company	**2,796,927.67**	1,437.58
Other comprehensive income not allowed to be reclassified into profit or loss in subsequent accounting periods		
Changes arising from re-measurement of net liabilities or net assets of defined benefit plans	**–**	–
Other comprehensive income to be reclassified into profit or loss upon satisfaction of specified conditions in subsequent accounting periods		
Exchange differences on translation of financial statements denominated in foreign currency	**2,796,927.67**	1,437.58
Net other comprehensive income after tax attributable to minority shareholders	**–**	–
Total comprehensive income	**1,604,079,921.95**	1,021,603,122.47
Including:		
Total comprehensive income attributable to the shareholders of the parent company	**1,823,942,242.21**	1,047,744,853.01
Total comprehensive loss attributable to minority shareholders	**(219,862,320.26)**	(26,141,730.54)

UNAUDITED CONSOLIDATED BALANCE SHEET
Unit: RMB

	Notes	**As at 30 June 2016 (Unaudited)**	As at 31 December 2015 (Audited)
Assets			
Current Assets			
Cash and bank balances		**17,204,382,213.00**	18,369,880,691.10
Bills receivable		**2,160,594,347.01**	2,197,924,429.70
Accounts receivable	*11*	**6,435,953,517.16**	6,882,068,508.58
Prepayments		**3,722,850,459.78**	3,615,007,054.08
Interests receivable		**–**	6,716,763.51
Dividends receivable		**5,741,700.00**	3,922,700.00
Other receivables		**2,631,082,977.14**	1,998,699,709.21
Inventories		**56,002,916,149.84**	54,007,187,185.94
Other current assets		**2,082,672,821.58**	2,254,225,698.11
Total current assets		**90,246,194,185.51**	89,335,632,740.23
Non-current assets			
Available for sale financial assets		**604,367,250.00**	604,367,250.00
Long-term receivables		**966,981,132.08**	–
Long-term equity investments		**291,044,124.42**	305,693,498.67
Investment properties		**14,891,986,324.09**	14,444,803,327.98
Fixed assets		**17,580,442,608.82**	18,141,169,689.04
Construction in progress		**1,687,096,780.51**	1,249,188,812.32
Construction materials		**6,931,417.93**	7,281,479.06
Intangible assets		**4,015,870,362.89**	4,087,252,597.86
Goodwill		**258,366,898.28**	258,366,898.28
Long-term deferred expenditures		**408,774,326.13**	404,769,379.15
Deferred income tax assets		**1,607,327,340.94**	1,423,631,430.99
Other non-current assets		**3,556,835,545.08**	484,547,210.58
Total non-current assets		**45,876,024,111.17**	41,411,071,573.93
Total assets		**136,122,218,296.68**	130,746,704,314.16

	Notes	As at **30 June 2016** **(Unaudited)**	As at 31 December 2015 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	*12*	**16,964,173,130.73**	16,805,996,379.53
Bills payable		**367,714,927.78**	436,477,804.74
Accounts payable	*13*	**8,426,237,255.63**	8,625,713,523.10
Receipts in advance		**16,979,530,457.16**	19,034,031,504.51
Wages payable		**103,588,988.27**	118,602,647.04
Tax payable		**1,315,112,633.46**	1,464,513,273.35
Interest payable		**532,390,548.89**	429,133,043.75
Dividends payable		**284,157,390.00**	55,274,219.13
Other payables		**3,445,331,682.31**	3,078,563,379.11
Short-term financing bonds payable	*14*	**7,000,000,000.00**	6,000,000,000.00
Non-current liabilities due within one year		**885,707,814.88**	3,907,504,794.13
Other current liabilities		**6,091,832,572.24**	5,230,763,450.32
Total current liabilities		**62,395,777,401.35**	65,186,574,018.71
Non-current liabilities			
Long-term loans	*15*	**8,589,100,000.00**	6,888,600,000.00
Bonds payable	*14*	**17,000,000,000.00**	12,000,000,000.00
Long-term payables		**15,023,067.18**	19,054,327.53
Long-term wages payable		**445,821,939.00**	457,687,351.00
Accrued liabilities		**202,528,582.62**	136,446,352.28
Deferred income		**613,688,012.65**	628,921,179.69
Deferred income tax liabilities		**2,765,715,122.91**	2,645,986,691.73
Other non-current liabilities		**601,559,996.42**	601,559,996.42
Total non-current liabilities		**30,233,436,720.78**	23,378,255,898.65
Total liabilities		**92,629,214,122.13**	88,564,829,917.36

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Shareholders' equity		
Share capital	**5,338,885,567.00**	5,338,885,567.00
Other equity instruments	**990,000,000.00**	990,000,000.00
Capital reserve	**11,581,663,988.37**	11,579,704,575.56
Other comprehensive income	**208,844,277.40**	206,047,349.73
Specific reserve	**10,594,802.52**	8,896,481.87
Surplus reserve	**1,053,285,969.67**	1,053,285,969.67
General risk reserve	**74,524,605.00**	59,993,193.86
Retained earnings	**20,492,607,375.25**	18,846,160,038.86
Total equity attributable to the shareholders of the parent company	**39,750,406,585.21**	38,082,973,176.55
Minority interests	**3,742,597,589.34**	4,098,901,220.25
Total shareholders' equity	**43,493,004,174.55**	42,181,874,396.80
Total liabilities and shareholders' equity	**136,122,218,296.68**	130,746,704,314.16

Notes:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS, MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The interim financial statements are prepared in accordance with the requirements of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting issued by the Ministry of Finance and hence do not include all the information and disclosures of the audited financial statements for the year 2015. Accordingly, the interim financial statements should be read in conjunction with the Group's audited financial statements for the year 2015 which were prepared in accordance with Accounting Standards for Business Enterprises.

The financial statements are presented on a going concern basis.

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

The specific accounting policies and accounting estimates have 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 methods, the useful lives 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, etc.

The interim financial statements are in compliance with the requirements under the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and truly and completely reflect the financial position of the Company and the Group as at 30 June 2016 and the results of operations and cash flow for the six months ended 30 June 2016. The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted in the financial statements for the previous year which were prepared in accordance with Accounting Standards for Business Enterprises.

2. OPERATING SEGMENT INFORMATION

Operating segments

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

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

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

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

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

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

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

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

For the six months ended 30 June 2016 (Unaudited)

Unit: RMB

	Cement and Ready-Mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/ Expenses	Elimination on Consolidation	Total
Revenues from external transactions	5,175,355,031.41	5,142,865,568.14	11,786,976,533.50	1,341,586,575.54	-	-	23,446,783,708.59
Revenues from inter-segment transactions	7,765,383.09	110,026,035.59	-	124,327,479.23	-	(242,118,897.91)	-
	5,183,120,414.50	5,252,891,603.73	11,786,976,533.50	1,465,914,054.77	-	(242,118,897.91)	23,446,783,708.59
Gains/(losses) on investments in joint ventures and associates	(1,933,491.94)	(9,864,067.36)	-	29,130.33	-	-	(11,768,428.97)
Impairment losses from assets	105,732,743.29	55,654,885.10	45,678,997.18	28,291,570.05	-	-	235,358,195.62
Depreciation expenses and amortization expenses	612,597,106.42	66,525,072.41	10,505,796.54	65,885,813.01	11,677,807.40	-	767,191,595.78
Total profit/(loss)	(247,589,604.08)	(73,792,016.25)	2,241,713,980.74	1,022,963,328.45	(492,163,286.33)	(89,711,093.90)	2,361,421,308.63
Income tax expenses	8,421,277.87	365,863,132.68	244,115,980.58	265,300,256.05	(123,040,821.58)	(521,511.25)	760,138,314.35
As at 30 June 2016							
Total assets	27,817,276,777.42	10,927,187,214.16	74,443,327,573.11	36,689,659,076.59	2,853,597,833.73	(16,608,830,178.33)	136,122,218,296.68
Total liabilities	14,656,730,877.98	6,091,005,501.47	60,865,808,515.73	8,911,335,985.00	19,001,806,768.49	(16,897,473,526.54)	92,629,214,122.13
Other disclosure							
Long-term equity investment in joint ventures and associates	22,220,119.79	265,131,142.01	-	3,692,862.62	-	-	291,044,124.42
Increase in other non-current assets (excluding long-term equity investments)	327,362,139.12	326,148,455.01	6,912,029.72	39,925,067.14	-	-	700,347,690.99

For the six months ended 30 June 2015 (Unaudited)

Unit: RMB

	Cement and Ready-Mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/ Expenses	Elimination on Consolidation	Total
Revenues from external transactions	5,254,487,881.61	5,019,718,228.96	6,481,847,273.16	1,300,237,257.06	–	–	18,056,290,640.79
Revenues from inter-segment transactions	3,073,391.50	144,173,606.69	–	72,082,382.00	–	(219,329,380.19)	–
	5,257,561,273.11	5,163,891,835.65	6,481,847,273.16	1,372,319,639.06	–	(219,329,380.19)	18,056,290,640.79
Gains/(losses) on investments in joint ventures and associates	(4,720,753.61)	(8,221,662.61)	–	305,659.81	–	–	(12,636,756.41)
Impairment losses from assets	33,978,422.39	(10,006,487.57)	1,928,336.06	(43,882.68)	–	–	25,856,388.20
Depreciation expenses and amortization expenses	585,216,428.56	66,295,085.68	5,605,710.68	65,726,974.02	14,711,547.88	–	737,555,746.82
Total profit/(loss)	(314,037,923.24)	(37,484,109.34)	1,562,994,712.04	789,877,405.44	(476,566,956.39)	(86,000.00)	1,524,697,128.51
Income tax expenses	16,833,300.49	(494,697.49)	400,215,411.84	205,704,667.88	(119,141,739.10)	(21,500.00)	503,095,443.62
As at 30 June 2015							
Total assets	29,102,158,412.86	10,217,775,064.19	63,784,251,607.13	26,975,965,570.42	1,200,542,486.67	(14,136,524,104.47)	117,144,169,036.80
Total liabilities	14,811,524,910.37	4,519,158,462.71	52,362,205,309.25	6,773,379,626.37	14,432,210,672.77	(11,393,496,944.23)	81,504,982,037.24
Other disclosure							
Long-term equity investment in joint ventures and associates	23,090,088.47	273,055,363.87	–	3,950,552.58	–	–	300,096,004.92
Increase in other non-current assets (excluding long-term equity investments)	587,325,343.02	346,541,528.84	5,281,134.88	49,592,039.55	–	–	988,740,046.29

Geographical information

Segment revenue from external transactions of the Group are mainly derived from operations in the People's Republic of China ("**PRC**"). Major businesses, customers and major non-current assets of the Group are located in the PRC.

Information about major customers

For the six months ended 30 June 2016, none of sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues (for the six months ended 30 June 2015: None).

3. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Operating revenue from principal business	**23,155,961,554.81**	17,816,919,921.99
Operating revenue from other business	**290,822,153.78**	239,370,718.80
	23,466,783,708.59	18,056,290,640.79

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Sale of products	**6,299,970,288.76**	6,336,793,401.93
Bulk commodity trade	**3,099,159,798.64**	2,950,428,840.23
Sale of properties	**11,727,953,335.05**	6,467,707,141.00
Rental income	**712,655,121.72**	684,931,718.12
Including: Rental income from investment properties	***626,089,368.20***	*615,928,319.03*
Other rental income	***86,565,753.52***	*69,003,399.09*
Property management	**359,716,413.35**	348,132,516.00
Hotel management	**220,061,925.00**	204,590,990.00
Income from decoration	**391,591,123.76**	461,184,455.38
Disposal of solid waste	**257,175,129.27**	257,285,529.51
Others	**378,500,573.04**	345,236,048.62
	23,446,783,708.59	18,056,290,640.79

Operating revenue from principal business by product:

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Sale of products	**6,299,970,288.76**	6,336,793,401.93
Bulk commodity trade	**3,099,159,798.64**	2,950,428,840.23
Sale of properties	**11,727,953,335.05**	6,467,707,141.00
Rental income from investment properties	**626,089,368.20**	615,928,319.03
Property management	**359,716,413.35**	348,132,516.00
Hotel management	**220,061,925.00**	204,590,990.00
Income from decoration	**391,591,123.76**	461,184,455.38
Disposal of solid waste	**257,175,129.27**	257,285,529.51
Others	**174,244,172.78**	174,868,728.91
	23,155,961,554.81	17,816,919,921.99

Non-operating revenue is presented as follows:

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Gains from disposal of non-current assets	**7,329,967.04**	3,344,742.68
Including: Gains from disposal of fixed assets	***7,329,967.04***	*3,344,742.68*
Gains from debt restructuring	**3,095,632.24**	350,641.45
Net income from fines	**7,885,876.86**	3,186,877.61
Government grants	**162,489,399.38**	194,073,407.34
Unpayable amounts	**1,097,493.49**	13,255,289.88
Others	**27,568,273.56**	31,471,459.44
	209,466,642.57	245,682,418.40

4. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating cost is presented as follows:

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Operating costs for principal business	**17,453,948,997.97**	12,931,056,697.59
Operating costs for other business	**167,435,493.98**	176,049,673.43
	17,621,384,491.95	13,107,106,371.02

Operating costs for principal business by product:

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Sale of products	**5,290,625,835.87**	5,367,659,808.81
Bulk commodity trade	**3,081,222,369.38**	2,924,943,741.21
Sale of properties	**8,100,364,958.71**	3,546,218,912.31
Rental income from investment properties	**55,282,022.59**	91,355,486.17
Property management	**253,675,615.00**	251,135,943.00
Hotel management	**102,472,939.00**	101,339,751.87
Income from decoration	**360,215,134.23**	419,588,884.87
Disposal of solid waste	**165,149,142.69**	169,680,211.57
Others	**44,940,980.50**	59,133,957.78
	17,453,948,997.97	12,931,056,697.59

Non-operating expenses are presented as follows:

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Losses on disposal of non-current assets	**2,516,014.49**	5,322,143.01
Including: Losses on disposal of fixed assets	**2,165,987.05**	5,322,143.01
Abnormal losses	**2,236,978.49**	–
Losses on debt restructuring	**228,290.60**	81,942.28
Expenses on charity donation	**337,063.86**	332,826.63
Losses on compensation, penalties and fines	**3,115,791.40**	19,988,584.03
Others	**19,030,615.94**	6,416,397.27
	27,464,754.78	32,141,893.22

5. SELLING EXPENSES

Unit: RMB

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Employee remuneration	**218,297,577.04**	218,413,216.17
Office and service expenses	**54,746,809.39**	63,506,874.18
Lease fee	**55,900,121.83**	50,896,792.18
Agency intermediary fee	**95,078,344.57**	84,070,322.25
Advertisement fee	**123,461,566.65**	121,641,266.24
Transportation expenses	**162,704,902.19**	155,704,236.29
Others	**13,955,387.09**	9,640,432.24
	724,144,708.76	703,873,139.55

6. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Employee remuneration	**683,720,911.38**	674,242,164.16
Office expenses	**223,268,934.78**	204,362,577.60
R&D expenses	**33,013,778.38**	41,655,002.15
Intermediary service fees	**52,988,071.18**	54,894,725.50
Lease and utilities	**53,065,743.96**	60,014,843.15
Tax	**120,068,232.22**	102,641,272.29
Sewage and afforestation fees	**27,106,942.77**	24,734,310.84
Others	**329,011,726.69**	303,452,685.57
	1,522,244,341.36	1,465,997,581.26

7. FINANCE COSTS

Unit: RMB

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Interest expenses	**1,155,498,198.75**	1,212,845,557.18
Including: Interests on bank loans and other loans fully repayable within five years	***1,155,498,198.75***	*1,212,845,557.18*
Less: Interest income	**33,161,639.57**	43,554,132.87
Less: Amount of interest capitalized	**574,409,094.52**	514,902,953.45
Exchange gains and losses	**(2,626,890.83)**	(944,765.54)
Handling charges	**78,924,504.03**	21,210,641.43
Others	**83,786,500.62**	9,530,908.68
	708,011,578.48	684,185,255.43

8. INCOME TAX EXPENSES

Unit: RMB

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Current income tax expenses	**824,105,793.12**	484,341,755.60
Deferred income tax expenses	**(63,967,478.77)**	18,753,688.02
	760,138,134.35	503,095,443.62

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

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Total profit	**2,361,421,308.63**	1,524,697,128.51
Income tax expenses calculated at statutory/applicable tax rate *(Note 1)*	**590,355,327.16**	381,174,281.93
Effect of different tax rates applicable to subsidiaries	**(1,656,822.01)**	(8,265,547.61)
Effect of adjusting income tax of previous periods	**(2,303,029.31)**	3,159,189.10
Effect of income not subject to tax	**–**	(1,062,143.41)
Effect of costs, expenses and losses not deductible for tax	**4,627,615.74**	11,061,750.38
Effect of deductible loss of utilising unrecognized deferred tax assets from the previous periods	**(12,101,765.67)**	(302,391.68)
Effect of deductible temporary differences or deductible loss of deferred income tax assets not recognized for the current period	**178,274,881.21**	(5,861,387.54)
Profit or loss attributable to joint ventures and associates	**2,942,107.23**	123,191,692.45
	760,138,314.35	503,095,443.62

Note 1: Income tax of the Group shall be calculated based on the estimated taxable income obtained from China and the applicable tax rate. 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: For the six months ended 30 June 2016, the shares of taxes attributable to joint ventures and associates were RMB9,710.11 and RMB1,068,961.30 respectively (for the six months ended 30 June 2015: RMB100,353.67 and RMB1,829,363.59 respectively).

9. BASIC EARNINGS PER SHARE

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

The calculation of basic earnings per share is as follows:

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Earnings		
Net profit for the current period attributable to ordinary shareholders of the Company (RMB)	**1,821,145,314.54**	1,047,743,415.43
Shares		
Weighted average number of issued ordinary shares of the Company	**5,338,885,567.00**	4,784,640,284.00

The Company did not have potentially dilutive ordinary shares.

10. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (for the six month ended 30 June 2015: Nil).

11. ACCOUNTS RECEIVABLE

The credit period of accounts receivable is usually one month to six months. The accounts receivable are non-interest bearing.

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

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Within 1 year	**5,552,807,896.14**	6,111,810,581.57
1 to 2 years	**926,113,069.99**	872,322,680.86
2 to 3 years	**283,035,943.04**	215,124,609.36
3 to 4 years	**98,185,012.40**	80,827,628.73
4 to 5 years	**43,645,419.65**	28,851,473.78
Over 5 years	**71,635,900.93**	78,599,393.66
	6,975,423,242.15	7,387,536,367.96
Less: provision for bad debt of accounts receivable	**(539,469,724.99)**	(505,467,859.38)
	6,435,953,517.16	6,882,068,508.58

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

	For the six months ended 30 June 2016 (Unaudited)	For the year ended 31 December 2015 (Audited)
Opening balance for the period/year	**505,467,859.38**	380,590,250.26
Provision for the period/year	**136,284,938.13**	196,714,939.06
Transfer in on acquisition of subsidiaries	**–**	150,000.01
Reversal for the period/year	**(101,992,782.23)**	(71,449,815.17)
Write-off for the period/year	**(290,290.29)**	(537,514.78)
Closing balance for the period/year	**539,469,724.99**	505,467,859.38

12. SHORT-TERM LOANS

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Guaranteed loans *(Note)*	**222,000,000.00**	157,000,000.00
Credit loans	**16,235,600,000.00**	16,100,600,000.00
Mortgaged loans	**502,212,885.39**	535,665,814.17
Pledged loans	**4,360,245.34**	12,730,565.36
	16,964,173,130.73	16,805,996,379.53

Note: As at 30 June 2016, all guaranteed loans were provided by entities within the Group.

As at 30 June 2016, the interest rates of the above short-term loans were 3.82%-8.0% per annum (as at 31 December 2015: 3.95%-8.0%).

As at 30 June 2016, the Group had no outstanding short-term loans that were due.

13. ACCOUNTS PAYABLE

The accounts payable are non-interest bearing and are generally settled within 90 days.

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

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Within 1 year	**6,996,649,412.12**	6,989,394,579.52
1 to 2 years	**883,403,669.61**	1,018,700,066.17
2 to 3 years	**349,573,670.54**	282,319,386.90
Over 3 years	**196,610,503.36**	335,299,490.51
	8,426,237,255.63	8,625,713,523.10

14. SHORT-TERM FINANCING BONDS PAYABLE AND BONDS PAYABLE

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Corporate bonds	**5,000,000,000.00**	1,893,054,949.10
Medium-term notes	**7,000,000,000.00**	7,000,000,000.00
Private bonds	**5,200,000,000.00**	5,200,000,000.00
Closing balance	**17,200,000,000.00**	14,093,054,949.10
Including: Bonds payable within one year	**200,000,000.00**	2,093,054,949.10
Non-current portion	**17,000,000,000.00**	12,000,000,000.00
Analysis of maturity of bonds payable:		
Current or within one year	**200,000,000.00**	2,093,054,949.10
Over one year but not more than two years	**6,500,000,000.00**	2,000,000,000.00
Over two years but not more than five years	**8,700,000,000.00**	10,000,000,000.00
Over five years	**1,800,000,000.00**	–
	17,200,000,000.00	14,093,054,949.10
Current portion:		
Short-term financing bonds	**7,000,000,000.00**	6,000,000,000.00

(1) Pursuant to the approval document (Fa Gai Cai Jin [2009] No.1009) issued by National Development and Reform Commission on 27 April 2009, the Company issued the 2009 corporate bonds of BBMG Corporation ("**2009 BBMG Bond**") in open market, totaling RMB1,900,000,000 at a nominal interest rate of 4.32%. 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 China Bond Information Network 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 agreed nominal interest rate remained at 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. Such bonds have been settled during the period.

(2) 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 rate of 5.58%.

(3) 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 rate of 5.8%.

(4) 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 rate 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 rate of 5.3%.

(5) As approved at the fifteenth meeting of the 3rd session of the Board of the Company held on 23 December 2014, Beijing Building Materials Testing Academy Co., Ltd. ("**Building Materials Testing Academy**"), Beijing BBMG Cement Energy Saving Technology Co., Ltd. ("**Cement Energy Saving Technology**"), both being wholly-owned subsidiaries of the Company, issued SME private placement bonds on Beijing Equity Exchange Centre Co. Ltd., with an intended issue size of RMB200,000,000, of which Building Materials Testing Academy issued RMB100,000,000 on 26 December 2014 and Cement Energy Saving Technology issued RMB100,000,000 on 27 December 2014, respectively. The private placement bonds have a term of 2 years with a coupon rate of 7.5%.

(6) 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 debt financing instruments for 2015 on 5 February 2015, totaling RMB2,000,000,000 with a term of 3 years and a coupon rate of 5.50%; the Company issued its second tranche of private placement debt financing instruments for 2015 on 19 March 2015, totaling RMB2,500,000,000 with a term of 3 years and a coupon rate of 5.46%; and the Company issued its third tranche of private placement debt financing instruments for 2015 on 20 July 2015, totaling RMB500,000,000 with a term of 3 years and a coupon rate of 5.15%.

(7) Upon consideration and approval by the 17th meeting of the 3rd 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 rate of 3.46%. Such bonds have been settled during the period; 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 rate of 3.49%. Such bonds had been settled during the period; 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 rate of 3.70%. Such bonds had been settled during the period. 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 rate of 3.39%.

(8) Upon consideration and approval by the 27th meeting of the 3rd session of the Board held on 12 October 2015 and the 2015 second extraordinary general meeting of the Company held on 27 November 2015, the Company intended to issue corporate bonds of no more than RMB5,000,000,000. Pursuant to the document issued by the China Securities Regulatory Commission ([2016] No. 35), the Company issued its first tranche of corporate bonds for 2016 (type one) on 14 March 2016, totaling RMB3,200,000,000 with a term of 5 years and a coupon rate of 3.12%; the Company issued its first tranche of corporate bonds for 2016 (type two) on 14 March 2016, totaling RMB1,800,000,000 with a term of 7 years and a coupon rate of 3.5%.

(9) Upon consideration and approval by the 17th meeting of the 3rd session of the Board held on 26 March 2015 and the 2014 annual general meeting of the Company held on 27 May 2015 and 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 2016 on 21 April 2016, totaling RMB2,000,000,000 with a term of 180 days and a coupon rate of 3.37%; the Company issued its second tranche of ultrashort financing bonds for 2016 on 20 May 2016, totaling RMB3,000,000,000 with a term of 266 days and a coupon rate of 3.49%.

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

15. LONG-TERM LOANS

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Mortgaged loans *(Note 1)*	**6,469,700,000.00**	5,019,000,000.00
Guaranteed loans *(Note 2)*	**121,800,000.00**	912,000,000.00
Credit loans	**2,677,600,000.00**	2,767,600,000.00
Closing balance	**9,269,100,000.00**	8,698,600,000.00
Including: Long-term loans due within one year	**680,000,000.00**	1,810,000,000.00
Non-current portion	**8,589,100,000.00**	6,888,600,000.00

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Analysis of maturity of long-term loans:		
Current or within one year	**680,000,000.00**	1,810,000,000.00
Over one year but not more than two years	**1,121,800,000.00**	506,000,000.00
Over two years but not more than five years	**3,272,300,000.00**	2,137,600,000.00
Over five years	**4,195,000,000.00**	4,245,000,000.00
	9,269,100,000.00	8,698,600,000.00

Note 1: As at 30 June 2016, included in the mortgaged loans of the Group, balances of RMB800,000,000.00 were guaranteed by BBMG Group Company Limited ("**BBMG Group**") (as at 31 December 2015: no guarantee of mortgaged loan was provided by BBMG Group).

Note 2: As at 30 June 2016, all guarantees of guaranteed loans of the Group were provided by entities within the Group and no guarantee was provided by BBMG Group (as at 31 December 2015: guarantees of RMB72,000,000.00 were provided by entities within the Group and guarantee of RMB840,000,000.00 was provided by BBMG Group).

As at 30 June 2016, the above loans bore interest rates of 1.2%-5.54% (as at 31 December 2015: 1.2%-6.55%) per annum.

16. NET CURRENT ASSETS

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Current assets	**90,246,194,185.51**	89,335,632,740.23
Less: current liabilities	**(62,395,777,401.35)**	(65,186,574,018.71)
Net current assets	**27,850,416,784.16**	24,149,058,721.52

17. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Total assets	**136,122,218,296.68**	130,746,704,314.16
Less: current liabilities	**(62,395,777,401.35)**	(65,186,574,018.71)
Total assets less current liabilities	**73,726,440,895.33**	65,560,130,295.45

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I am pleased to present to you the interim results of the Company for the six months ended 30 June 2016, and report on the operating results of the Company during the said period for your review.

Review

Since the beginning of the year, China's economy had a relatively stable start with a rise in investment growth. The development data for some industries was better than expected. Meanwhile, China's economy was in a crucial stage of structural adjustment, during which the conditions of generally low demand and overcapacity were unlikely to show fundamental changes in the short term while the overall economy was still facing significant downward pressure. Under such circumstances, the Company adhered to the main theme of maintaining stability while making progress and strengthened its works in various aspects, including explore potentials and cut costs, enhance quality and efficiency, integration and restructuring, transformation and upgrading, optimize business layout and drive innovation, so that it was able to display sound improvement amidst stability as a whole, thereby establish new competitive edges, gain new achievements and create new landscape for development and live up to its expectation of optimized industrial structure, enhanced quality and approximately better efficiency. During the Reporting Period, the Group recorded aggregate operating revenue of approximately RMB23,446.8 million, representing a year-on-year increase of 29.9%; net profit attributable to the shareholders of the parent company was approximately RMB1,821.1 million, representing a year-on-year increase of 73.8%; basic earnings per share attributable to the shareholders of the parent company was approximately RMB0.34. These hard-won results helped the Group to maintain a leading position among its peers.

Prospects

Currently, the synergetic development of Beijing, Tianjin and Hebei Province, the structural reform of the supply front and construction of sub-town centre in Beijing have brought about both pressure and valuable historical opportunity for the future development of BBMG. The Company will have comprehensive understanding of the sustainability and complexity of the "new normal" state of the economy and will seize the historical opportunity to press ahead the strategic restructuring with Jidong Development Group Co., Ltd.* (冀東發展集團有限責任公司) and Tangshan Jidong Cement Co., Ltd.* (唐山冀東水泥股份有限公司), actively establish a sound market order in Beijing, Tianjin and Hebei Province, optimize market ecosystem and enhance its profitability. The Company will also grasp the opportunity offered by the construction of sub-town centre in Beijing to secure the supply of building materials with all its efforts, so as to provide quality and environmentally-friendly products at reasonable price for its projects. In addition, the Company will consistently adhere to the guideline of "adjustment to two structures (兩個結構調整)" and "accelerating cash flow (好水快流)" to further deepen the pilot reform of the management and control model of real estate enterprises, with a view to increasing operation efficiency of projects, building up reasonable reserve of land resources and strengthening the ability of sustainable development of the real estate segment. The Company will work diligently on the Nanluoguxiang renovation and improvement project (南鑼鼓巷修繕整治項目) and use its best endeavors to enhance the Company's comprehensive development ability on city construction projects and the professional level of commercial property operation.

Practical action makes our dreams come true and hard work brings us brilliant results. On behalf of the Board, I would like to express my sincere gratitude to the shareholders and business partners of the Company for their support and assistance. I expect continued trust and support from the shareholders and business partners in our course of new value creation and further business development.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Information

Unit: RMB million

	For the six months ended 30 June		
	2016	2015	**Change**
	(Unaudited)	(Unaudited)	
Operating revenue	**23,446.8**	18,056.3	29.9%
Operating revenue from principal business	**23,156.0**	17,816.9	30.0%
Gross profit from principal business	**5,702.0**	4,885.9	16.7%
Gross profit margin from principal business (%)	**24.6**	27.4	a decrease of 2.8 percentage points
Total profit	**2,361.4**	1,524.7	54.9%
Net profit	**1,601.3**	1,021.6	56.7%
Net profit attributable to the shareholders of the parent company	**1,821.1**	1,047.7	73.8%
Basic earnings per share (RMB)	**0.34**	0.22	54.5%

	As at 30 June 2016	As at 31 December 2015	**Change**
	(Unaudited)	(Audited)	
Cash and bank balances	**17,204.4**	18,369.9	-6.3%
Current assets	**90,246.2**	89,335.6	1.0%
Current liabilities	**62,395.8**	65,186.6	-4.3%
Net current assets	**27,850.4**	24,149.1	15.3%
Non-current assets	**45,876.0**	41,411.1	10.8%
Non-current liabilities	**30,233.4**	23,378.3	29.3%
Total assets	**136,122.2**	130,746.7	4.1%
Equity attributable to the shareholders of the parent company	**39,750.4**	38,083.0	4.4%
Debt ratio (total liabilities to total assets) (%)	**68.0**	67.7	an increase of 0.3 percentage point

Summary of Business Information

	For the six months ended 30 June 2016	2015	Change
Cement and Ready-mixed Concrete Segment			
Sales volume of cement (in million tonnes)	**20.3**	17.1	18.7%
Sales volume of concrete (in million cubic metres)	**5.7**	5.2	9.6%
Modern Building Materials and Commerce and Logistics Segment			
Refractory materials (in thousand tonnes)	**71.2**	99.7	-28.6%
Property Development Segment			
Booked GFA (in thousand sq.m.)	**728.3**	398.1	82.9%
Contracted sales GFA (in thousand sq.m.)	**506.0**	357.9	41.4%
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	**732.8**	749.0	-2.2%

During the first half of 2016, China's economy was relatively stable with a rise in investment growth. The development data for some industries was better than expected. Meanwhile, China's economy was in a crucial stage of structural adjustment, during which the conditions of generally low demand and overcapacity were unlikely to show fundamental changes in the short term while the overall economy was still facing significant downward pressure. Capitalizing on the strategic opportunities offered by the national strategy of synergetic development of Beijing, Tianjin and Hebei Province, the structural reform of the supply front as well as the acceleration of the transformation of central city area, construction of sub-town centre, transfer of the industrial functions as a capital city and structural adjustment of the industry of Beijing, the Company took the initiative to adapt to the "new normal" status by adhering to the main theme of maintaining stability while making progress. It has also strengthened its works in various aspects, including explore potentials and cut costs, enhance quality and efficiency, integration and restructuring, transformation and upgrading, optimization of business layout and driving innovation, so that it was able to complete all production and operation target in a more effective way. Major economic indicators have witnessed significant growth and key projects were making good progress. The development of the overall economy continued to display sound improvement amidst stability.

During the Reporting Period, the Group's operating revenue was RMB23,446.8 million, among which operating revenue from principal business was RMB23,156.0 million, representing a year-on-year increase of 30.0%. Total profit was RMB2,361.4 million, representing a year-on-year increase of 54.9%. Net profit was RMB1,601.3 million, representing a year-on-year increase of 56.7%. Net profit attributable to the shareholders of the parent company was RMB1,821.1 million, representing a year-on-year increase of 73.8%.

Analysis of the Operation of Business Segments

(I) Cement and Ready-Mixed Concrete Segment

The Company further promoted the strategic restructuring and integration of the industries in the same region, maintained market order in regional markets and improved the relationship between regional supply and demand. The Company strived to enhance its profitability by deepening the implementation of unified management, exploring potentials and cutting costs, launching innovative marketing models as well as controlling and cutting accounts receivable and procurement costs. Meanwhile, efforts were also made to expedite transformation and upgrading, highlight environmental protection, strengthen technological innovation and enhance operating control and benchmark management.

During the Reporting Period, the cement and ready-mixed concrete segment recorded revenue from its principal business of RMB5,096.3 million, a year-on-year decrease of 0.9%, with gross profit from its principal business of RMB766.3 million, a year-on-year increase of 13.3%. The consolidated sales volume of cement and clinker amounted to 20.3 million tonnes, a year-on-year increase of 18.7%, among which cement sales volume was 17.5 million tonnes and clinker sales volume was 2.8 million tonnes, while the aggregate gross profit margin for cement and clinker was 9.7%, a year-on-year decrease of 1.0 percentage points. Total sales volume of concrete amounted to 5.7 million cubic metres, a year-on-year increase of 9.6%, while the gross profit margin for concrete was 15.9%, a year-on-year increase of 5.3 percentage points.

(II) Modern Building Materials and Commerce and Logistics Segment

The Company deepened enterprise diagnosis and commenced a special campaign named "Cut Costs and Expenses while Increasing Production and Sales Volume", with a view to enhancing the management level and profitability of the enterprise. The Company further accelerated the transformation and upgrading of the enterprise and the transfer of production capacities of Beijing in a systematic manner, so as to increase the quality of the economic operation effectively. In addition, the Company has launched innovative operation models for bulk commodity business and strengthened risk prevention and control in order to achieve stable operation.

During the Reporting Period, Modern Building Materials and Commerce and Logistics Segment recorded revenue from its principal business of RMB5,160.5 million, a year-on-year increase of 0.7%, with gross profit from its principal business of RMB457.0 million, a year-on-year decrease of 10.1%. Among which, the modern building materials manufacturing sector recorded revenue from its principal business of RMB1,280 million, a year-on-year decrease of 14.4%; while the commerce and logistics sector recorded revenue from its principal business of RMB3,881 million, a year-on-year increase of 7.0%.

(III) Property Development Segment

The Company constantly and consistently adhered to the guideline of "adjustment to two structures (兩個結構調整)" and "accelerating cash flow (好水快流)". It successfully carried out works for the pilot reform of the real estate development segment, with a view to effectively establishing an organisational structure managed and controlled by city companies, further enhancing management efficiencies, capitalizing regional advantages and strengthening growth momentums. The Company also optimized its management system by increasing its efforts on the study of policies and market controls. It also focused on improving the operating capability of projects by leveraging the overall advantages brought by collaboration. During the Reporting Period, projects including "Huixingyuan (匯星苑)", "Huijingyuan (匯景苑)", "Changheyuan (暢和園)" and "Jinyu Tianyuanwai (金隅田員外)" in Hangzhou were completed and delivered; projects including "Jinyu Zijinfu (金隅紫金府)" in Nanjing, "Jinyu Hefu (金隅和府)" in Qingdao and "Dachengjun (大成郡)" in Shanghai continued to record robust sales; projects including "Phase II of Jinyufu (金玉府二期)", "Nankou housing with a price cap (南口限價房)" and "Nanqili (南七里)" in Hefei commenced construction successfully; the construction of the main structure of "Phase III of Jinyu Feili (金隅翡麗三期)" project was completed ahead of schedule. The Company successfully obtained the entitlements of the land project of a dairy cattle farm in Pukou District, Nanjing City. It also entered into a strategic cooperation agreement with the government of Dongcheng District in Beijing to jointly operate the Beijing Nanluoguxiang project.

During the Reporting Period, the property development segment recorded revenue from its principal business of RMB11,726.6 million, a year-on-year increase of 80.6%, while the gross profit from its principal business was RMB3,583.3 million, a year-on-year increase of 21.8%. The booked GFA was 728,300 sq.m., a year-on-year increase of 82.9%, among which booked GFA of commodity housing amounted to 634,800 sq.m., a year-on-year increase of 73.3%, and booked GFA of affordable housing amounted to 93,500 sq.m., a year-on-year increase of 195.0%. Aggregated contracted sales area of the Company was 506,600 sq.m., a year-on-year increase of 41.4%, among which aggregate contracted sales area for commodity housing amounted to 436,200 sq.m., a year-on-year increase of 38.5%, and aggregate contracted sales area for affordable housing amounted to 69,800 sq.m., a year-on-year increase of 62.7%. As at the end of the Reporting Period, the Company had land reserve with a total area of 7,501,500 sq.m.

(IV) Property Investment and Management Segment

Thanks to the Company's continuous optimization of operating mode and improvement of service quality, operating efficiency was enhanced significantly and the segment maintained steady and orderly development. High-end commercial real estate projects such as office buildings realized steady improvement both in terms of rentals and occupancy rate. Revenue and profit from the principal business of hotels and apartments reached a historical high. The Company will further establish its brand as a high-end and professional brand for property management services, with a view to facilitating the sustainable development of commercial property operation. Community properties adopted a flat management approach so as to effectively control operational risks.

During the Reporting Period, the property investment and management segment recorded revenue from its principal business of RMB1,408.3 million, a year-on-year increase of 11.4%, and gross profit from its principal business of RMB935.6 million, a year-on-year increase of 14.1%. As at the end of the Reporting Period, the Company had investment properties with a total area of 732,800 sq.m. in the core districts of Beijing, with consolidated average occupancy rate of 95.5% and consolidated average rental unit price of RMB7.66/sq.m./day.

Investment properties held by the Group as at 30 June 2016

	Location	Usage	Property Gross Area	Fair Value	Rental Unit Price	Average Occupancy Rate	Unit Fair Value
			(thousand sq.m.)	*(RMB million)*	*(RMB/day)*		*(RMB/ sq.m.)*
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	120.5	3,063.4	11.3	94.5%	25,423
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	172.1	3,098.8	8.34	99.5%	18,006
Phase 3 of Global Trade Centre (Ground Floor Commercial)	North Third Ring Road, Beijing	Retail	71.7	1,122.6	7.17	92.9%	15,657
Tengda Plaza	West Second Ring Road, Beijing	Commercial	84.3	1,573.7	9.18	97.8%	18,668
Jin Yu Mansion	West Second Ring Road, Beijing	Commercial	44.8	1,008.3	9.32	95.5%	22,507
Jianda Building and Beijing Building Materials Trading Centre	East Second Ring Road, Beijing	Commercial	59.4	1,256.1	5.32	99.9%	21,146
Dacheng Building	West Second Ring Road, Beijing	Commercial	42.8	962.8	9.49	98.4%	22,496
	Sub-total		595.6	12,085.8			20,292
Other properties	Beijing Municipality	Commercial and retail	137.2	2,806.2			20,456
	Total		732.8	14,892.0		95.5%	20,322

Analysis of Income Statement and Cash Flows Items

1. Gains from changes in fair value of investment properties

The Company conducted a subsequent measurement of the investment properties at fair value at the end of the Reporting Period. Changes in fair value are recognised in "gains from changes in fair value" in the income statement. The fair value is valued by an independent valuer using future earnings approach and market-based approach on an open market and existing use basis.

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

During the Reporting Period, the gains from changes in fair value of investment properties of the Company were RMB447.2 million, accounting for 18.9% of the profit before tax. The year-on-year increase of gains from changes in fair value of investment properties of 71.6% during the Reporting Period from the same period in the previous year was mainly due to an upward adjustment to the gains from changes in fair value of the investment properties by the valuer as a result of a year-on-year acceleration in rental growth of investment properties in the open market during the Reporting Period.

2. Selling expenses, administrative expenses and finance cost

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

(1) Selling expenses were RMB724.1 million in the first half of 2016, an increase of RMB20.3 million year-on-year. Such increase was mainly attributable to a year-on-year increase in agency intermediary fee and transportation expenses.

(2) Administrative expenses were RMB1,522.2 million in the first half of 2016, an increase of RMB56.2 million year-on-year. Such increase was mainly attributable to a year-on-year increase in employee remuneration and tax.

(3) Finance costs were RMB708.0 million in the first half of 2016, an increase of RMB23.8 million year-on-year. Such increase was mainly attributable to a year-on-year increase in handling fees.

3. Cash flows

In the first half of 2016, a net decrease of RMB2,648.6 million in cash and cash equivalents was recognised in the consolidated financial statements of the Group, of which net cash outflow generated from operating activities was RMB1,645.1 million; net cash outflow generated from investment activities was RMB4,736.8 million; net cash inflow generated from financing activities was RMB3,730.7 million; and the effect of changes in exchange rate on cash and cash equivalents increased by RMB2.6 million.

CORE COMPETITIVENESS 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 plan of Beijing and Tianjin, the Company has developed notable advantages 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 circular economy. As one of the largest affordable housing developers in Beijing, the Company owns low-cost land reserve for development and abundant industrial land reserve in first-tier cities. Also, the Company is a leading supplier of green, eco-friendly and energy-saving building materials in the Bohai Rim 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 has developed a unique vertically integrated core industrial chain. This core industrial chain is 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 industrial chain 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 the development of single product to the development of 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 sectors, 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 businesses such as design, fitting-out and property management services. The Company, by enhancing the product quality and service capacity of modern building materials and property

management services sector, has enhanced its competitiveness and further promoted the quality of real estate projects. By continuously capitalizing on its competitive edges in property operation and high-end property management services in terms of brand, operation, management and techniques, the Company has 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 "go global" strategy of the cement and building material industries. Different business segments support and promote the development of each other with significant synergistic effect and overwhelming advantages as a whole. Competitive 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 owns a state-level enterprise technology center, and obtained the approval to establish science association and academician and expert service centre. 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 Peking University, 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 academician workstation, the municipal-level technology cooperation base and the state-level testing centre.

During the first half of 2016, the Company had an investment of approximately RMB360 million in technology, with a few technological innovation projects making good progress. Among which, Beijing Liulihe Cement Co., Ltd. had actively developed its "tailored-made cement" business and the newly-developed cement products had been applied to the construction of the new airport main terminal in Beijing; Hebei BBMG Dingxin Cement Co., Ltd. had strengthened its product innovation with six special cement products of four major types launched into the market, including Portland cement for nuclear power; Tianjin BBMG Concrete Co., Ltd. had succeeded in the experiment in respect of the vertical pumping of C130 high-strength high-performance cement through a 880-meter high-rise pumping pipe, which is the first case of the same sort in the industry in China, while its terminal started the modulation of the intelligent project; Qinyang BBMG Cement Co., Ltd. was recognized as National Technology Centre for Circular Economy (全國循環經濟技術中心), while Handan BBMG Taihang Cement Co., Ltd. received the title of High New Technology Enterprise in Hebei Province; BBMG GEM Real

Estate Development Co., Ltd. had actively promoted the industrialization of residential properties and the development and practice of modern residential properties, such as passive residential properties and environmentally-friendly residential properties, as well as the related technology; the Company's subsidiaries, such as Guangling Jinyu Cement Co., Ltd., had basically completed the construction of energy management centres and the construction in relation to energy efficiency enhancement and integration. The above measures successfully boosted technology innovation and created new conditions for the Company to further promote industrial transformation and upgrade and to build an innovation-driven environment.

3 Competitive Edge in Sustainable Development of Green Operations: Based on the synergistic development of Beijing, Tianjin and Hebei Provinces and Beijing's 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 protection management, with an aim to accelerating its pace towards transformation and upgrading and embarking on a sustainable path for green development. As one of the first pilot enterprises in China to develop 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 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 qualification and capacity to dispose of more than 200,000 tonnes of sludge, 10,000 tonnes of fly ashes and over 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 modern 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 environmentally-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 of which are 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 China.

During the first half of 2016, the Company had formulated the "General Plan for Adjustment and Transformation of Cement Enterprises in Beijing" (《在京水泥企業調整轉型總體方案》). Meanwhile, all of the cement enterprises in Beijing had been transformed into environmentally-friendly technology companies and were successfully included in the scope of management of city environmental services and facilities. Beijing Liulihe Cement Co., Ltd. had obtained the approval from the government for its project in respect of the processing of 30,000 tonnes of fly ashes. Currently, the production line for fly ashes has met the production standards and reached its full capacity, and eventually over-achieved its targets; Beijing Cement Plant Co., Ltd. has further accelerated its transformation towards an environmentally-friendly enterprise and stepped up its efforts in waste-handling, with the volume of solid waste processed exceeding 7,000 tonnes per month; the transformation project of Beijing Chinefarge Cement Co., Ltd., a demonstration project in which the company will be successfully transformed from a traditional cement manufacturer into a production-type service provider, is well underway. In addition, with focus on the acceleration of the transformation and upgrading of cement plants outside Beijing, the projects regarding the synergetic use of cement kiln for the disposal of hazardous waste had been officially implemented by various subsidiaries, including Chengde BBMG Cement Co., Ltd. and Quyang Jinyu Cement Co., Ltd.; Handan BBMG Taihang Cement Co., Ltd.'s project in relation to synergetic hazard-free disposal of household garbage and Zanhuang BBMG Cement Co., Ltd.'s demonstration project in relation to synergetic hazard-free disposal of sludge have passed the environmental assessment.

4 Competitive Edge in Industry-Finance Integration: BBMG Finance Co., Ltd. and BBMG Finance Lease Co., Ltd. offer a new platform to enhance the Company's overall capital operational efficiency, diversify financing channels and prevent capital risks, thereby facilitating the organic integration between industry capital and financial capital. By broadly cooperating with various banks and financial institutions, the Company has explored and adopted 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 financing costs.

During the first half of 2016, the Company seized the favourable timing offered by the prevailing capital market to successfully issue two tranches of ultrashort financing bonds in an aggregate amount of RMB5,000,000,000 and successfully completed the public issue of corporate bonds in an aggregate amount of RMB5,000,000,000 to qualified investors, among which, 16 Jinyu 01 has a final coupon rate as low as 3.12%, which has enhanced the operation safety and assets mobility of the Company, bettered the structure of assets and liabilities of the Company in an effective way and improved the capability for sustainable development. Meanwhile, the Company continued to strengthen the cooperation with financial institutions by commencing both non-public and public issue of corporate bonds in an amount of not more than RMB5,000,000,000 each. The Company further diversified the investment methods, expanded the financing channels and further strengthened capital protection for its overall development.

5 Competitive Edge in Corporate Culture and Branding: The Company has 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 RMB40 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group's consolidated total assets amounted to RMB136,122.2 million, an increase of 4.1% from the beginning of the Reporting Period, which comprised total liabilities of RMB92,629.2 million, minority interests of RMB3,742.6 million and total equity attributable to the shareholders of the parent company of RMB39,750.4 million. As at 30 June 2016, total shareholders' equity amounted to RMB43,493.0 million, an increase of 3.1% from the beginning of the Reporting Period. As at 30 June 2016, the Group's net current assets were RMB27,850.4 million, an increase of RMB3,701.4 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 68.0%, an increase of 0.3 percentage point from the beginning of the Reporting Period.

As at 30 June 2016, the Group's cash and bank balances amounted to RMB17,204.4 million, a decrease of RMB1,165.5 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2016, the Group's interest-bearing bank borrowings amounted to RMB26,233.3 million (as at 31 December 2015: RMB25,504.6 million) and bore fixed interest rates and were all denominated in Renminbi. Of these borrowings, approximately RMB17,644.2 million interest-bearing bank borrowings were due for repayment within one year, a decrease of approximately RMB971.8 million from the beginning of the Reporting Period. Approximately RMB8,589.1 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB1,700.5 million from the beginning of the Reporting Period.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. As at the end of the Reporting Period, the Company was granted total bank credit facilities of RMB55,300 million and drew down borrowings of RMB21,700 million. The balance of credit facilities was RMB33,600 million. During the Reporting Period, the Company had repaid the principal and interest of borrowings as scheduled. The Company has sufficient capital for its operation. As at 30 June 2016, the Group had no future plans for material investments or capital assets.

PROPOSED ISSUE OF BONUS SHARES AND CHANGE IN BOARD LOT SIZE

The Company conducted a bonus share issue on the basis of one bonus share for every one existing share on 17 June 2016 (for H shares) and 7 July 2016 (for A shares). After completion of the bonus share issue, the issued share capital of the Company increased to 10,677,771,134 shares (comprising 2,338,764,870 H Shares and 8,339,006,264 A Shares). On 20 June 2016, the board lot size of the H shares of the Company was also changed from 500 H shares to 1,000 H shares. Please refer to the announcement of the Company dated 23 March 2016 and the circular of the Company dated 25 April 2016 for further details of the proposed issue of bonus shares and change in board lot size.

USE OF PROCEEDS FROM THE 2013 PROPOSED PLACING AND THE 2015 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 million. Based on the estimation of all applicable costs and expenses in association with the 2013 Proposed Placing, the net proceeds from the 2013 Proposed Placing (after deducting all applicable costs and expenses in association with the proposed placing) were approximately RMB2,774.7 million, which were remitted to the designated account for proceeds opened as approved by the Board on 24 March 2014.

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 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 first extraordinary general meeting for 2015 held on 12 August 2015, the relevant resolutions in relation to the 2015 Proposed Placing were duly passed.

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, which were remitted to the designated account for proceeds opened as approved by the Board on 30 November 2015.

As at 30 June 2016, the Company had utilized the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing of RMB7,294,542,644.73 (including the use of idle proceeds of RMB7,950,000,000.00 as temporary replenishment of working capital, repayment of RMB4,767,600,000.00 to the designated account for proceeds with working capital, the actual use of RMB4,107,604,563.47 of the proceeds, intermediary fee paid of RMB4,504,100.00 and bank charges paid of RMB33,981.26), and obtained interest earned from depositing of RMB7,220,717.85. The balance of the proceeds was RMB133,418,062.88, including the intermediary fee unpaid of RMB3,624,960.00.

To regulate the management of proceeds of the Company and secure the interest of small and medium investors, the Company established the Management System of Proceeds in August 2010, which was considered and passed by the tenth meeting of the second session of the Board of the Company. In October 2013, according to the relevant requirements of CSRC and the Shanghai Stock Exchange and as considered and passed by the sixth meeting of the third session of the Board of the Company, the Company amended the Management System of Proceeds. The amendments provided detailed requirements regarding the deposit, utilization, change of use, management and supervision of proceeds. It is also provided that all expenses on the proceeds-financed projects should be of the same use as disclosed and within the budget of the Company, as well as complete the procedures of approval regarding utilization of proceeds according to the financial accounting system of the Company.

According to the Management System of Proceeds, regarding the 2013 Proposed Placing and the 2015 Proposed Placing, the Company and Beijing Aerated Concrete Co., Ltd., BBMG (Dachang) Modern Industrial Park Management Co., Ltd., Beijing BBMG Tiantan Furniture Co., Ltd., BBMG GEM Real Estate Development Co., Ltd., Jinyu Ligang (Tianjin) Property Development Co., Ltd. and BBMG Nanjing Real Estate Development Co., Ltd., all being wholly-owned subsidiaries of the Company, have established designated saving accounts for the proceeds raised from the 2013 Proposed Placing and the 2015 Proposed Placing respectively. Upon the receipt of the proceeds raised from the 2013 Proposed Placing and the 2015 Proposed Placing, the Company entered into a Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds Raised (《募集資金專戶存儲三方監管協議》) with the bank and the sponsor for the joint supervision over the use of proceeds. The principal terms of the agreement are in line with the Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds Raised (Template) (《募集資金專戶存儲三方監管協議（範本）》) issued by the Shanghai Stock Exchange with no significant discrepancy. As of 30 June 2016, the parties to the agreement had exercised their rights and performed their obligations in accordance with the requirements of the Tri-Party Supervisory Agreement for Designated Saving Accounts of Proceeds Raised.

As of 30 June 2016, the deposit of the designated account for proceeds from 2013 Proposed Placing and 2015 Proposed Placing of the Company was as follows:

Unit: *RMB*

No.	**Name of bank**	**Bank account**	**Account holder**	**Deposit as of 30 June 2016**
1	Bank of Communications Co., Ltd., Beijing Municipal Branch	110060149018170182242	The Company	22,333,091.9
2	Industrial and Commercial Bank of China Limited, Beijing Hepingli Branch	0200203319020196563	The Company	82,837.17
3	Industrial and Commercial Bank of China Limited, Shijingshan Branch	0200013419200040504	Beijing Aerated Concrete Co., Ltd. (北京市加氣混凝土有限責任公司)	7,942,607.38
4	China Construction Bank Corporation, Dachang Sub-branch	13001707748050506500	BBMG (Dachang) Modern Industrial Park Management Co., Ltd. (大廠金隅現代工業園管理有限公司)	1,927,203.26
5	ICBC, Beijing Anzhen Branch	0200064819024649727	Beijing BBMG Tiantan Furniture Co., Ltd. (北京金隅天壇家具股份有限公司)	27,131,710.44
6	CCB, Beijing Urban Construction Development Professional Branch	11050138360000000048	BBMG GEM Real Estate Development Co., Ltd. (北京金隅嘉業房地產開發有限公司)	5,789,886.67
7	CCB, Beijing Urban Construction Development Professional Branch	11050138360000000047	BBMG GEM Real Estate Development Co., Ltd. (北京金隅嘉業房地產開發有限公司)	25,965,039.36
8	Agricultural Bank of China Limited, Tianjin Yong'an Road Branch	02280101040015072	Jinyu Ligang (Tianjin) Property Development Co., Ltd. (金隅麗港（天津）房地產開發有限公司)	37,910,921.9
9	Agricultural Bank of China Limited, Nanjing Xinglong Street Branch	10109201040009981	BBMG Nanjing Real Estate Development Co., Ltd. (金隅南京房地產開發有限公司)	4,334,764.8
	Total			**133,418,062.88**

The Company strictly followed the Management System of Proceeds when using the proceeds from the 2013 Proposed Placing and 2015 Proposed Placing. The details of the actual use of proceeds as of 30 June 2016 were as follows:

Breakdown of Use of Proceeds as of 30 June 2016

Unit: *RMB0'000*

Total proceeds	749,504.00	**Total proceeds used for investment during the year**	77,392.20
Change in use of total proceeds:	89,520.59	**Total accumulated proceeds used for investment**	321,266.51
Proportion of change in use of total proceeds:	12%		

Committed investment project	Changed project	Total committed investment from proceeds	Total investment after adjustment	Committed investment amount as of the end of the period (1)	Investment amount during the year	Accumulated investment amount as of the end of the period (2)	Difference between accumulated investment amount and committed investment amount as of the end of the period (3)=(2)-(1)	Investment progress as of the end of the period (%) (4)=(2)/(1)	Date of project ready for its intended use	Achieved results during the year	Achieve the intended results or not	Significant changes in project feasibility	Reason for failure to reach the scheduled progress
Engineering project of BBMG international logistics park (北京金隅國際物流園工程項目)	–	97,953.00	97,953.00	97,953.00	10,175.48	40,986.31	56,966.69	41.84%	It is expected to be completed in December 2016	–	–	No	–
Production line project with an annual production capacity of 0.8 million pieces of furniture (年產80萬標件家具生產線項目) *(Note 1)*	–	181,551.00	90,000.00	90,000.00	9,268.09	51,220.25	38,779.75	56.91%	It is expected to be completed in November 2016	–	–	No	–
	Replenishment of working capital	–	89,520.59	89,520.59	–	89,520.59	–	100.00%	–	–	–	No	–
Chaoyang District Chaoyang North Road (Former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project (朝陽區朝陽北路（原星牌建材製品廠）B01、B02、B03地塊二類居住、中小學合校、托幼用地項目) *(Note 2)*	–	90,000.00	83,787.50	83,787.50	5,232.50	40,245.55	43,541.95	48.03%	It is expected to be completed in August 2017	–	–	No	–
Chaoyang District, Dongba Dandian secondary residential and primary school project (朝陽區東壩單店二類居住、小學用地項目)	–	170,000.00	170,000.00	170,000.00	24,731.74	57,895.61	112,104.39	34.06%	It is expected to be completed in August 2017	–	–	No	–
BBMG Zhongbei Town residential project (金隅中北鎮住宅項目) *(Note 3)*	–	50,000.00	50,000.00	50,000.00	7,423.84	32,131.02	17,868.98	64.26%	It has been basically completed	–	–	No	–
Nanjing City Jianye District Xinglong Street North A2 project (南京市建鄴區興隆大街北側A2項目)	–	100,000.00	100,000.00	100,000.00	20,533.91	38,761.13	61,238.87	38.76%	It is expected to be completed in April 2019	–	–	No	–
Replenishment of working capital	–	60,000.00	60,000.00	60,000.00	0	60,000.00	0	100.00%	–	–	–	No	–
Total	–	749,504.00	741,261.09	741,261.09	77,365.56	410,760.46	330,500.63	55.41%	–	–	–	–	–

Note 1: The difference between committed investment before and after fund raising of the production line project with an annual production capacity of 0.8 million pieces of furniture was due to the deduction of issuance expense of RMB20.3041 million, as well as the deduction of RMB895.2059 million from the change in proceed-financed project. As of the date of this announcement, the committed investment proceeds for the production line project with an annual production capacity of 0.8 million pieces of furniture changed to RMB900 million. Such change was considered and approved at the 2014 annual general meeting of the Company.

Note 2: The difference between committed investment before and after fund raising of Chaoyang District Chaoyang North Road (Former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project was due to the deduction of issuance expense of RMB62.1250 million.

Note 3: BBMG Zhongbei Town residential project has been basically completed, but is still required to settle part of the remaining balance in relation to certain construction, procurement and installation.

The Company did not have any prepayment for investment projects and replacement in relation to the proceeds during the reporting period.

USE OF IDLE PROCEEDS FOR TEMPORARY REPLENISHMENT OF WORKING CAPITAL DURING THE REPORTING PERIOD

(I) 2013 Proposed Placing

1 Return of partial idle proceeds used for replenishment of working capital upon expiry

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the eighteenth meeting of the third session of the Board held on 14 April 2015, the Company agreed to use RMB2,200 million from the idle proceeds 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. The sponsor, the independent non-executive directors and the Supervisory Board of the Company agreed with the resolution and made an announcement accordingly.

As at 18 March 2016, the Company had returned in full the proceeds of RMB2,200 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds and made an announcement accordingly.

2 Use of idle proceeds for temporary replenishment of working capital

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the fourth meeting of the fourth session of the Board held on 23 March 2016, the Company agreed to use RMB900 million from the idle proceeds 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. The sponsor, the independent non-executive directors and the Supervisory Board of the Company agreed with the resolution and made an announcement accordingly.

(II) 2015 Proposed Placing

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the second meeting of the fourth session of the Board held on 26 December 2015, the Company agreed to use RMB2,650 million from the idle proceeds 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. The sponsor, the independent non-executive directors and the Supervisory Board of the Company agreed with the resolution and made an announcement accordingly.

The Company did not change any of the proceeds-financed projects during the Reporting Period.

MAJOR TRANSACTION AND PROPOSED SPIN-OFF

On 15 April 2016, the Company entered into a framework agreement (the "**Framework Agreement**") with State-owned Assets Supervision and Administration Commission of Tangshan* (唐山市人民政府國有資產監督管理委員會) ("**Tangshan SASAC**") and Jidong Development Group Co., Ltd.* (冀東發展集團有限責任公司) ("**Jidong Development**") in relation to (i) the possible acquisition of not less than 51% equity interests in Jidong Development by the Company (the "**Equity Restructuring**"); and (ii) the possible injection of cement and concrete businesses into Tangshan Jidong Cement Co., Ltd.* (唐山冀東水泥股份有限公司) ("**Jidong Cement**") by the Company and/or Jidong Development (the "**Asset Restructuring**"). For further details of the Framework Agreement, please refer to the announcement of the Company dated 17 April 2016.

On 31 May 2016, the Company entered into the following agreements in relation to the Equity Restructuring: (i) the capital increase agreement (the "**Capital Increase Agreement**") with Tangshan SASAC and Jidong Development, pursuant to which the Company has agreed to subscribe for the registered share capital of Jidong Development at the consideration of RMB4,750,000,000, of which RMB1,239,752,040 will be injected into Jidong Development as its paid-up capital and RMB3,510,247,960 will be its capital reserve; and (ii) the equity transfer agreement (the "**Equity Transfer Agreement**") with Zhongtai Trust Co., Ltd.* (中泰信託有限責任公司) ("**Zhongtai Trust**"), pursuant to which the Company has agreed to purchase, and Zhongtai Trust has agreed to sell, its 10% equity interests in Jidong Development at the consideration of RMB475,000,000. Upon completion of the Equity Restructuring, Jidong Development will become a non-wholly owned subsidiary of the Company. For further details of the Capital Increase Agreement and the Equity Transfer Agreement, please refer to the announcement of the Company dated 31 May 2016.

On 29 June 2016, the Company entered into the share issuance and asset purchase agreement (the "**Share Issuance and Asset Purchase Agreement**") with Jidong Cement in relation to the Asset Restructuring, pursuant to which the Company has agreed to dispose of, and Jidong Cement has agreed to purchase, the relevant cement and concrete businesses and assets (the "**Subject Assets**") held by the Company at the disposal consideration subject to the terms and conditions of the Share Issuance and Asset Purchase Agreement. To settle the disposal consideration, Jidong Cement will issue consideration shares to the Company at the issue price of RMB9.31 per share (subject to adjustment).

As the minority shareholders of certain subsidiaries engaging in the manufacturing and sale of cement and ready-mixed concrete (the "**Entrustment Companies**") have not consented to the transfer of the equity interests in the Entrustment Companies by the Company to Jidong Cement and giving up of their right of first refusal, these Entrustment Companies will not be subject to transfer under the Asset Restructuring. The Company undertakes that the equity interests in the Entrustment Companies will be transferred to Jidong Cement for cash consideration in the event minority shareholders' consent is obtained in the future. To prevent business competition with Jidong Cement, on 29 June 2016, the Company entered into the entrustment agreement (the "**Entrustment Agreement**") with Jidong Cement, pursuant to which the Company shall entrust Jidong Cement to manage all rights other than ownership and income right of the Entrustment Companies, including but not limited to shareholders' voting right of the Entrustment Companies, and right of appointment or choice of the managers. Except where the Company has consented in writing, Jidong Cement shall not dispose of the Entrustment Companies, including creating pledges or third-party interests in other forms. Pursuant to the Entrustment Agreement, the Company shall pay Jidong Cement a fixed entrustment fee of RMB1,000,000 per annum and floating entrustment fees equivalent to the 10% of the net profit of the relevant Entrustment Companies for the year, multiplied by the percentage of the relevant equity interests held by the Company. For further details of the Share Issuance and Asset Purchase Agreement and the Entrustment Agreement, please refer to the announcement of the Company dated 29 June 2016.

In connection with the Asset Restructuring, the valuation of the mining assets of the Subject Assets proposed to be transferred by the Company in consideration for the subscription of shares in Jidong Cement (the "**Target Mining Rights**") was based on future profit forecast. In accordance with the Administrative Measures on Significant Asset Restructuring of Listed Companies and related regulations of the CSRC, the Company is required to provide profit compensation undertaking for Jidong Cement in relation to the Target Mining Rights under the Asset Restructuring. On 6 July 2016 and 12 July 2016, the Company entered into the profit compensation agreement and the profit compensation supplemental agreement (collectively, the "**Profit Compensation Agreements**") with Jidong Cement respectively. For further details of the Profit Compensation Agreements, please refer to the announcements of the Company dated 6 July 2016 and 12 July 2016.

The transfer of the Subject Assets by the Company to Jidong Cement in exchange for the issue of the consideration shares pursuant to the Share Issuance and Asset Purchase Agreement constitutes a spin-off (the "**Proposed Spin-off**") pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company has submitted a spin-off proposal to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") pursuant to Practice Note 15 in relation to the Proposed Spin-off. On 4 August 2016, the Hong Kong Stock Exchange granted approval to the Company in relation to the requirements under Practice Note 15 for the Proposed Spin-off.

For further details of the Equity Restructuring, Asset Restructuring and the Proposed Spin-off, please refer to the circular of the Company dated 29 July 2016 and the announcements of the Company dated 13 July 2016, 15 July 2016, 19 July 2016, 3 August 2016, 4 August 2016 and 10 August 2016.

At the 2016 first extraordinary general meeting of the Company held on 15 August 2016, the resolutions, among others, for the equity restructuring, asset restructuring and Profit Compensation Agreements have been duly passed.

COMMITMENTS

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Contracted but not provided for		
Capital commitments	**434,019,547.24**	361,924,923.37
Property development contracts	**10,435,216,898.88**	8,413,910,062.16
	10,869,236,446.12	8,775,834,985.53

CONTINGENCIES

Unit: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Provision of guarantee to third parties *(Note)*	**9,269,980,077.95**	5,669,464,952.49

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

PLEDGE OF ASSETS

As at 30 June 2016, certain of the Group's inventories, fixed assets, investment properties, intangible assets (land use rights) and bills receivable totaling RMB12,417.2 million (as at 31 December 2015: RMB11,337.6 million) were pledged to secure the short-term and long-term loans of the Group, which accounted for approximately 9.1% of the total assets of the Group (as at 31 December 2015: 8.7%).

EMPLOYEES

As at 30 June 2016, the Group had 28,779 employees in total (as at 31 December 2015: 28,619). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB902.0 million (for the six months ended 30 June 2015: RMB892.7 million), representing an increase of approximately 1.0%. The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to PRC laws and regulations. The Group pays salaries to its employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operates its business in the PRC. During the Reporting Period, sales proceeds and procurement expenses of the Group were mainly denominated in RMB. Most of the Group's financial instruments such as accounts and bills receivables, cash and bank balances are denominated in the same currency or a currency that is pegged to the functional currency of the operations to which the transactions are related. Accordingly, it is believed that the Group has minimal foreign currency risks. The Group has not used any forward contract or currency borrowing to hedge its interest rate risks. Fluctuations of the exchange rates of foreign currencies did not constitute any material challenges to the Group or have 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 ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, save as disclosed above under the section headed "Major Transaction and Proposed Spin-off", the Group had not conducted any substantial acquisition or disposal of subsidiaries, associates and joint ventures that were required to be disclosed.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2016, the total issued share capital of the Company was 6,508,268,002 shares, of which 4,169,503,132 were A Shares and 2,338,764,870 were H Shares. To the best knowledge of the directors of the Company (the "**Directors**"), the records of interest (being 5% or more of the Company's issued share capital) as registered in the register kept by the Company under section 336 of the Securities and Futures Ordinance (the "SFO") were as follows:

Long Positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital *(%)*	Percentage of total issued share capital *(%)*
A Shares	BBMG Group	Beneficial owner	4,797,357,572 *(Note 2)*	57.53	44.93
	Beijing State-owned Capital Operation and Management Center *(Note 1)*	Held by controlled corporation	4,797,357,572 *(Note 2)*	57.53	44.93
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality *(Note 1)*	Held by controlled corporation	4,797,357,572 *(Note 2)*	57.53	44.93
H Shares	JPMorgan Chase & Co.	Beneficial owner	70,460,716 *(Note 2)*	3.01	0.66
		Investment manager	217,990,000 *(Note 2)*	9.32	2.04
		Custodian corporation/ approved lending agent	227,362,400 *(Note 2)*	9.72	2.13
H Shares	FMR LLC	Investment manager	252,207,500 *(Note 2)*	10.78	2.36
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	250,276,512 *(Note 2)*	10.70	2.34
H Shares	BlackRock Global Funds	Person having a security interest in shares	183,620,000 *(Note 2)*	7.85	1.72
H Shares	Sloane Robinson LLP	Investment manager	140,994,000 *(Note 2)*	6.03	1.32

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 the issued share capital (%)	Percentage of total issued share capital (%)
H Shares	JPMorgan Chase & Co.	Custodian-corporation/ approved lending agent	113,681,200 *(Note 2)*	4.86	1.06

Short positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
H Shares	JPMorgan Chase & Co.	Beneficial owner	3,851,000 *(Note 2)*	0.16	0.04
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	1,764,000 *(Note 2)*	0.08	0.02

Note 1: BBMG Group is a wholly-owned subsidiary of 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.

Note 2: As the Company conducted a bonus share issue on the basis of one bonus share for every one existing share on 17 June 2016 (for H shares) and 7 July 2016 (for A shares), the number of shares in the table had been calculated by the Company based on the latest filings made by the substantial shareholder as at 30 June 2016, and as appropriate, multiplied by two. The shareholding percentages were based on the assumption that the total number of shares upon completion of the bonus issue of A shares would be 10,677,771,134 Shares (comprising 2,338,764,870 H Shares and 8,339,006,264 A Shares) as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be recorded in the register required to be kept under section 336 of the SFO.

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

As at 30 June 2016, the interests or short positions of the Company's Directors, supervisors or chief executives 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 were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name	**Position**	**Capacity and nature of interest**	**Number of Shares held**	**Type of shareholding**	**Percentage of such shareholding in the same type of issued share capital (%)**	**Percentage of total issued share capital (%)**
Jiang Deyi *(Note 1)*	Director and President	Beneficial owner	63,000 Shares *(Note 2)*	A Shares	0.00%	0.00%
Wu Dong	Director	Beneficial owner	60,000 Shares *(Note 2)*	A Shares	0.00%	0.00%
Zhang Jianli	Director	Beneficial owner	41,800 Shares *(Note 2)*	A Shares	0.00%	0.00%
Li Weidong *(Note 1)*	Director	Beneficial owner	51,200 Shares *(Note 2)*	A Shares	0.00%	0.00%

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

Note 1: On 5 August 2016, Jiang Deyi resigned as the President and an executive director of the Company, and Li Weidong resigned as an executive director of the Company.

Note 2: As the Company conducted a bonus share issue on the basis of one bonus share for every one existing share on 17 June 2016 (for H shares) and 7 July 2016 (for A shares), the number of shares in the above table had been calculated by the Company based on the latest filings made by the Directors as at 30 June 2016, and as appropriate, multiplied by two. The shareholding percentages were based on the assumption that the total share capital upon completion of the bonus issue of A shares would be 10,677,771,134 Shares (comprising 2,338,764,870 H Shares and 8,339,006,264 A Shares) as at 30 June 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 inside information in relation to the purchase and sale of the securities of the Company are also required to comply with the Model Code.

As at 30 June 2016, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the six months ended 30 June 2016. 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.

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

The Group did not sell, repurchase or redeem any of the securities of the Company during the six months ended 30 June 2016.

CORPORATE GOVERNANCE CODE

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate administration. The Board continuously observes the principles of good corporate governance in the interests of Shareholders and devotes considerable effort identifying and formalizing best practice. During the Reporting Period, the Company had reviewed its corporate governance documents and the Board is of the view that the Company had fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules other than Code provision 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. Since 1 July 2015, Mr. Jiang Deyi has served as the Chairman as well as the President of the Company. Despite such deviation, the Directors believe that vesting such roles in Mr. 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 appropriate balance of power and authority in place.

The Board received a resignation letter from Mr. Jiang Deyi because of his work adjustment on 5 August 2016 in respect of his duty as the President of the Company with effect from 5 August 2016. The Board has also approved the appointment of Mr. Zeng Jin as the President of the Company on 5 August 2016, for a term commencing from 5 August 2016 and expiring on the date of the annual general meeting of the Company for the year 2017. The Board also proposed to appoint Mr. Zeng Jin as an executive director of the Company. According to the Articles of Association of the Company, the appointment of Mr. Zeng Jin is subject to shareholders' approval at a general meeting. The Company will further announce the relevant general meeting arrangement for the proposed appointment of Mr. Zeng Jin as an executive director of the Company in due course. Accordingly, the Company has complied with code provision A.2.1 of Appendix 14 to the Listing Rules since 5 August 2016. For details of the resignation of Mr. Jiang Deyi as the President of the Company and the proposed appointment of Mr. Zeng Jin as the President of the Company, please refer to the announcement of the Company dated 5 August 2016.

BOARD COMPOSITION

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

The Board received a resignation letter from Mr. Wang Shizhong because of his work re-designation on 19 February 2016 in respect of his duty as an executive director of the Company and a member of the Strategic Committee with effect from 19 February 2016. After the Reporting Period, the Board also received a resignation letter from Mr. Li Weidong because of his work re-designation on 5 August 2016 in respect of his duty as an executive director of the Company and a member of the Strategic Committee with effect from 5 August 2016; on 26 August 2016, the Board received a resignation letter from Mr. Shi Xijun because of his work re-designation in respect of his duty as an executive director of the Company and a member of the Audit Committee with effect from 26 August 2016.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of two executive Directors and four independent non-executive Directors. At the meeting convened on 29 August 2016, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2016. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2016 and recommended their adoption by the Board.

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

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

The electronic version of this announcement will be published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.bbmg.com.cn/listco). The 2016 interim financial report of the Company for the six months ended 30 June 2016 prepared in accordance with the China Accounting Standards for Business Enterprises, which contains the applicable information required under Appendix 16 to the Listing Rules, will be despatched to the Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course. The PRC domestic interim results report for the six months ended 30 June 2016 and its abstract will be released on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) and the website of the Company (http://www.bbmg.com.cn/listco) around the same time as this interim results announcement.

By order of the Board
BBMG Corporation*
Jiang Deyi
Chairman

Beijing, the PRC, 29 August 2016

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

* *For identification purposes only*