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北 京 金 隅 股 份 有 限 公 司
BBMG Corporation*

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

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

FINANCIAL HIGHLIGHTS

- Operating revenue of RMB29,465.8 million, increased by 25.7% from the interim period of 2016
- Gross profit margin from principal business of 26.4%, increased by 1.8 percentage points from the interim period of 2016
- Net profit of RMB1,782.0 million, increased by 11.3% from the interim period of 2016
- Net profit attributable to shareholders of the parent company of RMB1,846.4 million, increased by 1.4% from the interim period of 2016
- 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 RMB1,653.3 million, increased by RMB387.4 million or 30.6% from the interim period of 2016
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.17

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 2017 (the “**Reporting Period**”), prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the corresponding period of 2016. These interim financial results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

* For identification purposes only

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB1,846.4 million, representing an increase of approximately 1.4% over the corresponding period last year; basic earnings per share was approximately RMB0.17 (for the six months ended 30 June 2016: RMB0.17), remaining flat over the corresponding period last year; total equity attributable to the shareholders of the parent company was approximately RMB45,380.8 million at the end of the Reporting Period, representing an increase of approximately RMB1,180.3 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 2017 was approximately RMB4.25, representing an increase of approximately RMB0.11 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 2017 (for the six months ended 30 June 2016: Nil).

UNAUDITED CONSOLIDATED INCOME STATEMENT

Unit: RMB

	Notes	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited) (Restated)
Operating revenue	3	29,465,846,282.85	23,446,783,708.59
Less: Operating costs	4	21,479,871,148.31	17,621,384,491.95
Business tax and surcharges		973,940,364.57	942,036,658.20
Selling expenses	5	1,162,126,683.93	724,144,708.76
Administrative expenses	6	2,693,696,711.50	1,472,017,683.18
Finance costs	7	1,332,763,468.39	708,011,578.48
Asset impairment losses		146,941,218.69	235,358,195.62
Add: Gains from changes in fair value	8	126,425,614.70	447,182,996.11
Investment gains/(losses)		271,046,580.10	(11,593,967.67)
Including: Share of gains/(losses) of associates and joint ventures		52,810,274.02	(11,768,428.97)
Other gains		255,474,156.38	—
Operating profit		2,329,453,038.64	2,179,419,420.84
Add: Non-operating revenue	3	133,314,243.83	209,466,642.57
Including: Gains from disposal of non-current assets		9,690,578.72	7,329,967.04
Less: Non-operating expenses	4	35,081,639.54	27,464,754.78
Including: Loss on disposal of non-current assets		25,089,286.32	2,516,014.49
Total profit		2,427,685,642.93	2,361,421,308.63
Less: Income tax expenses	9	645,662,574.87	760,138,314.35
Net profit		1,782,023,068.06	1,601,282,994.28
Net profit attributable to the shareholders of the parent company		1,846,371,188.87	1,821,145,314.54
Minority interests		(64,348,120.81)	(219,862,320.26)
Earnings per share	10		
Basic earnings per share (RMB/share)		0.17	0.17*
Diluted earnings per share (RMB/share)		0.17	0.17*

* Restated

The Company converted the capital reserve into share capital after obtaining the approval at the 2015 annual general meeting. The Company issued bonus shares to all shareholders on the basis of 10 shares for every 10 shares, issuing 5,338,885,567 shares in total. According to the relevant requirements of Accounting Standards for Business Enterprises, the Company re-calculated the earnings per share for the comparative period (i.e. the six months ended 30 June 2016) based on the number of shares after adjustment.

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Net other comprehensive income after tax		
Net other comprehensive income after tax attributable to shareholders of the parent company		
Other comprehensive income not allowed to be reclassified into profit or loss in subsequent accounting periods		
Changes arising from re-measurement of net liabilities of defined benefit plans	29,061,622.00	—
Other comprehensive income to be reclassified into profit or loss upon satisfaction of specified conditions in subsequent accounting periods		
Exchange differences on foreign currency translation	(661,099.26)	2,796,927.67
Changes in fair value of available-for-sale financial assets	(5,235,630.29)	—
Share of investee's other comprehensive income to be reclassified into profit or loss under the equity method	(1,102,557.87)	—
The difference between the fair value on the date of transfer and the carrying value of the investment properties transferred from the disposal of self-occupied properties or inventories and measured with the fair value model	(10,194,361.74)	—
Net other comprehensive income after deducting impact of income tax	11,867,972.84	2,796,927.67
Net other comprehensive income after tax attributable to minority interests	(28,641,350.50)	—
Total comprehensive income	<u>1,765,249,690.40</u>	<u>1,604,079,921.95</u>
Including:		
<i>Total comprehensive income attributable to the shareholders of the parent company</i>	<u>1,858,239,161.71</u>	<u>1,823,942,242.21</u>
<i>Total comprehensive loss attributable to minority interests</i>	<u>(92,989,471.31)</u>	<u>(219,862,320.26)</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

Unit: RMB

	<i>Note</i>	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Assets			
Current Assets			
Cash and bank balances		22,781,754,849.60	28,010,211,147.53
Financial assets at fair value through profit or loss		468,323,047.37	615,807,328.90
Bills receivable		5,924,154,845.84	3,857,028,994.07
Accounts receivable	12	9,278,021,405.06	8,889,912,604.49
Prepayments		1,841,200,046.31	4,968,682,354.70
Interests receivable		10,415,476.72	11,652,789.72
Dividends receivable		37,513,183.95	3,071,700.00
Other receivables		4,891,855,924.93	6,129,310,409.74
Inventories		85,539,804,853.50	64,111,234,886.21
Other current assets		<u>3,211,277,889.04</u>	<u>2,881,813,184.06</u>
Total current assets		<u>133,984,321,522.32</u>	<u>119,478,725,399.42</u>
Non-current assets			
Available-for-sale financial assets		4,155,177,357.45	2,498,348,403.92
Long-term receivables		240,317,944.18	207,709,788.90
Long-term equity investments		2,048,693,643.81	2,233,650,974.77
Investment properties		15,171,548,777.53	14,976,628,345.79
Fixed assets		45,302,865,461.69	45,773,283,593.75
Construction in progress		4,143,565,006.47	3,963,622,127.52
Construction materials		221,408,192.09	313,968,043.93
Intangible assets		11,146,458,282.85	11,350,165,626.93
Development expenditures		3,005,021.48	—
Goodwill		2,749,770,521.44	2,749,770,521.44
Long-term deferred expenditures		969,159,788.61	960,198,551.90
Deferred income tax assets		2,658,374,447.43	2,695,681,312.01
Other non-current assets		<u>1,176,215,310.73</u>	<u>1,195,364,185.45</u>
Total non-current assets		<u>89,986,559,755.76</u>	<u>88,918,391,476.31</u>
Total assets		<u>223,970,881,278.08</u>	<u>208,397,116,875.73</u>

	<i>Notes</i>	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	13	36,188,435,740.00	32,027,734,141.83
Bills payable		950,253,015.59	2,313,321,400.81
Accounts payable	14	13,416,798,219.15	12,311,643,681.22
Receipts in advance		25,672,582,599.24	23,462,497,764.75
Wages payable		277,012,439.59	400,092,413.18
Tax payable		1,256,581,116.21	1,829,789,141.33
Interests payable		969,129,768.57	799,032,866.63
Dividends payable		801,070,175.72	202,581,371.25
Other payables		6,153,331,807.49	5,980,694,327.60
Short-term financing bonds payable	15	3,798,549,680.74	3,000,000,000.00
Non-current liabilities due within one year		12,406,933,816.16	6,897,420,505.71
Other current liabilities		<u>6,089,116,710.10</u>	<u>5,739,382,129.82</u>
Total current liabilities		<u>107,979,795,088.56</u>	<u>94,964,189,744.13</u>
Non-current liabilities			
Long-term loans	16	24,082,840,000.00	18,087,685,000.00
Bonds payable	15	19,493,492,149.68	21,279,396,543.45
Long-term payables		1,221,312,237.35	3,740,891,436.82
Long-term wages payable		661,996,220.59	722,768,832.46
Accrued liabilities		401,496,536.50	371,279,348.97
Deferred income		820,352,358.48	860,067,751.75
Deferred income tax liabilities		4,639,131,674.07	4,800,870,600.03
Other non-current liabilities		<u>660,456,831.52</u>	<u>660,456,831.52</u>
Total non-current liabilities		<u>51,981,078,008.19</u>	<u>50,523,416,345.00</u>
Total liabilities		<u>159,960,873,096.75</u>	<u>145,487,606,089.13</u>

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Equity attributable to shareholders		
Share capital	10,677,771,134.00	10,677,771,134.00
Other equity instruments	4,982,000,000.00	4,982,000,000.00
Capital reserve	5,862,805,387.74	5,865,195,783.46
Other comprehensive income	243,707,674.49	231,839,701.65
Specific reserve	11,231,483.23	8,655,529.41
Surplus reserve	1,276,866,688.51	1,276,866,688.51
General risk reserve	269,682,185.44	178,039,195.99
Retained earnings	<u>22,056,712,179.67</u>	<u>20,980,120,619.08</u>
 Total equity attributable to the shareholders of the parent company	 <u>45,380,776,733.08</u>	 44,200,488,652.10
Minority interests	<u>18,629,231,448.25</u>	<u>18,709,022,134.50</u>
 Total equity attributable to shareholders	 <u>64,010,008,181.33</u>	 <u>62,909,510,786.60</u>
 Total liabilities and equity attributable to shareholders	 <u><u>223,970,881,278.08</u></u>	 <u><u>208,397,116,875.73</u></u>

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 (the “MOF”), and hence do not include all the information and disclosures of the audited financial statements for 2016. Accordingly, the interim financial statements should be read in conjunction with the Group’s audited financial statements for 2016 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 made 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 of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting issued by the MOF, and truly and completely reflect the financial position of the Company and the Group as at 30 June 2017 and the results of operations and cash flow for the six months ended 30 June 2017. Save for change in accounting policy stated below, 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.

Change in Accounting Policy

On May 2017, the MOF amended and issued Accounting Standards for Business Enterprises No. 16 – Government Grants. The above accounting standard has been implemented since 12 June 2017. For the purpose of these financial statements, the change in the above accounting standard, which led to the corresponding change in the accounting policy of the Company, has been addressed according to relevant regulations in the transition period. Pursuant to relevant regulations, since 1 January 2017, the Group has differentiated government grants included in the current profit or loss into government grants related to and not related to daily corporate activities based on the nature of the economic business, and separately listed the item of “Other gains” above the item of “Operating profit” in the income statement. Government grants related to daily corporate activities would be included in other gains or used to offset relevant cost and expenses, whereas government grants not related to daily corporate activities would be included in non-operating revenue and expenses. Such change in the accounting policy and the adjustment made to the verification of accounting items would have impact on the presentation of financial statements only but not the Group’s consolidated shareholders’ equity of the Company as at 30 June 2017 and consolidated net profit of the Company for the six months then ended.

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 sale of cement and concrete;
- (2) the modern building materials and commerce and logistics segment engages in the manufacture and sale 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.

The management manages the results of each operating segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the profits of reportable segment. It represents the indicator after adjustments have been made to total profit, and other than the exclusion of overheads attributable to the headquarters, the indicator is consistent with the Group's total profit.

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

The prices for transfers between operating segments are determined with reference to the fair prices adopted for transactions with third parties and by negotiation between the parties.

For the six months ended 30 June 2017 (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 Assets/Liabilities/ Expenses of Headquarters	Elimination on Consolidation	Total
Revenues from external transactions	13,285,651,855.35	6,975,794,012.28	7,334,205,335.26	1,870,195,079.96	-	-	29,465,846,282.85
Revenues from inter-segment transactions	<u>849,224,989.22</u>	<u>134,587,915.09</u>	<u>-</u>	<u>244,187,534.18</u>	<u>-</u>	<u>(1,228,000,438.49)</u>	<u>-</u>
	<u><u>14,134,876,844.57</u></u>	<u><u>7,110,381,927.37</u></u>	<u><u>7,334,205,335.26</u></u>	<u><u>2,114,382,614.14</u></u>	<u><u>-</u></u>	<u><u>(1,228,000,438.49)</u></u>	<u><u>29,465,846,282.85</u></u>
Gains/(losses) on investments in joint ventures and associates	69,549,449.99	(15,144,905.75)	1,652.47	(1,595,922.69)	-	-	52,810,274.02
Asset impairment losses	178,674,698.23	(686,436.20)	(38,635,237.49)	7,588,194.15	-	-	146,941,218.69
Depreciation expenses and amortization expenses	1,817,917,633.25	68,164,523.30	57,991,306.48	146,959,302.87	10,249,414.70	-	2,101,282,180.60
Total profit/(loss)	244,840,747.37	31,871,416.97	1,419,920,497.17	1,176,589,113.71	(532,788,631.55)	87,252,499.26	2,427,685,642.93
Income tax expenses	162,230,716.82	16,788,250.43	337,564,064.69	240,463,576.01	(133,197,157.89)	21,813,124.81	645,662,574.87
As at 30 June 2017							
Total assets	82,636,431,050.73	10,888,804,447.07	102,329,517,211.59	47,226,735,731.36	2,431,402,819.14	(21,542,009,981.81)	223,970,881,278.08
Total liabilities	53,934,668,373.08	6,634,231,556.96	88,097,959,009.34	19,760,943,308.29	17,517,777,278.99	(25,984,706,429.91)	159,960,873,096.75
Other disclosure							
Long-term equity investment in joint ventures and associates	1,629,316,560.67	194,694,554.58	4,991,625.54	219,690,903.02	-	-	2,048,693,643.81
Increase in other non-current assets (excluding long-term equity investments)	1,228,121,783.38	207,158,684.99	120,806,983.81	405,494,917.59	-	-	1,961,582,369.77

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 Assets/Liabilities/ Expenses of Headquarters	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	<u>7,765,383.09</u>	<u>110,026,035.59</u>	<u>-</u>	<u>124,327,479.23</u>	<u>-</u>	<u>(242,118,897.91)</u>	<u>-</u>
	<u><u>5,183,120,414.50</u></u>	<u><u>5,252,891,603.73</u></u>	<u><u>11,786,976,533.50</u></u>	<u><u>1,465,914,054.77</u></u>	<u><u>-</u></u>	<u><u>(242,118,897.91)</u></u>	<u><u>23,446,783,708.59</u></u>
Gains/(losses) on investments in joint ventures and associates	(1,933,491.94)	(9,864,067.36)	-	29,130.33	-	-	(11,768,428.97)
Asset impairment losses	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

Geographical information

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
	<i>RMB</i>	<i>RMB</i>
The People's Republic of China (the "PRC")	28,440,547,737.24	23,446,783,708.59
Singapore	74,751,041.07	—
South Africa	17,655,810.39	—
Japan	121,524,543.94	—
Other countries or regions	811,367,150.21	—
	<u>29,465,846,282.85</u>	<u>23,446,783,708.59</u>

Revenues from external transactions are attributable to the geographic locations where the customers are located.

Major non-current assets of the Group are located in the PRC.

Information about major customers

For the six months ended 30 June 2017 and 2016, none of sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues.

3. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Operating revenue from principal business	28,778,106,439.91	23,155,961,554.81
Operating revenue from other business	687,739,842.94	290,822,153.78
	<u>29,465,846,282.85</u>	<u>23,446,783,708.59</u>
	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Sale of products	14,703,815,505.97	6,299,970,288.76
Bulk commodity trade	4,295,423,070.67	3,099,159,798.64
Sale of properties	7,346,395,932.14	11,727,953,335.05
Rental income from investment properties	646,855,908.42	626,089,368.20
Property management	397,505,348.07	359,716,413.35
Hotel management	202,153,741.55	220,061,925.00
Income from decoration	428,100,134.10	391,591,123.76
Disposal of solid waste	280,268,621.47	257,175,129.27
Others	477,588,177.52	174,244,172.78
	<u>28,778,106,439.91</u>	<u>23,155,961,554.81</u>

Operating revenue from principal business by product:

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Sale of products	14,703,815,505.97	6,299,970,288.76
Bulk commodity trade	4,295,423,070.67	3,099,159,798.64
Sale of properties	7,346,395,932.14	11,727,953,335.05
Operating lease income	723,566,360.78	712,655,121.72
<i>Including: Rental income from investment properties</i>	646,855,908.42	626,089,368.20
<i>Other lease income</i>	76,710,452.36	86,565,753.52
Property management	397,505,348.07	359,716,413.35
Hotel management	202,153,741.55	220,061,925.00
Income from decoration	428,100,134.10	391,591,123.76
Disposal of solid waste	280,268,621.47	257,175,129.27
Others	1,088,617,568.10	378,500,573.04
	<u>29,465,846,282.85</u>	<u>23,446,783,708.59</u>

Non-operating revenue is presented as follows:

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Gains from disposal of non-current assets	9,690,578.72	7,329,967.04
<i>Including: Gains from disposal of fixed assets</i>	9,690,578.72	7,329,967.04
Gains from debt restructuring	10,650,578.99	3,095,632.24
Net income from fines	10,821,773.69	7,885,876.86
Relocation compensation/government grants	35,147,805.28	162,489,399.38
Unpayable amounts	10,199,797.08	1,097,493.49
Others	56,803,710.07	27,568,273.56
	<u>133,314,243.83</u>	<u>209,466,642.57</u>

4. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating cost is presented as follows:

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Operating costs for principal business	21,179,573,587.19	17,453,948,997.97
Operating costs for other business	300,297,561.12	167,435,493.98
	<u>21,479,871,148.31</u>	<u>17,621,384,491.95</u>

Operating costs for principal business by product:

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Sale of products	10,781,304,651.52	5,290,625,835.87
Bulk commodity trade	4,191,989,825.53	3,081,222,369.38
Sale of properties	4,965,631,414.32	8,100,364,958.71
Rental income from investment properties	41,253,781.27	55,282,022.59
Property management	289,830,873.44	253,675,615.00
Hotel management	103,199,401.73	102,472,939.00
Income from decoration	416,644,859.52	360,215,134.23
Disposal of solid waste	190,804,433.37	165,149,142.69
Others	198,914,346.49	44,940,980.50
	<u>21,179,573,587.19</u>	<u>17,453,948,997.97</u>

Non-operating expenses are presented as follows:

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Losses on disposal of non-current assets	25,089,286.32	2,516,014.49
<i>Including: Losses on disposal of fixed assets</i>	<i>25,060,275.14</i>	<i>2,165,987.05</i>
<i>Loss on disposal of intangible assets</i>	<i>8,156.95</i>	–
<i>Other losses on non-current assets</i>	<i>20,854.23</i>	350,027.44
Abnormal losses	4,922.64	2,236,978.49
Losses on debt restructuring	387,092.98	228,290.60
Expenses on charity donation	17,708.76	337,063.86
Expenses on compensation, penalties and fines	5,682,850.36	3,115,791.40
Others	3,899,778.48	19,030,615.94
	35,081,639.54	27,464,754.78

5. SELLING EXPENSES

Unit: RMB

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Employee remuneration	379,762,814.66	218,297,577.04
Office and service expenses	93,591,795.94	54,746,809.39
Operating lease fee	75,455,612.60	55,900,121.83
Agency intermediary fee	147,867,112.73	95,078,344.57
Advertisement fee	133,302,374.75	123,461,566.65
Transportation expenses	320,057,012.04	162,704,902.19
Others	12,089,961.21	13,955,387.09
	1,162,126,683.93	724,144,708.76

6. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Employee remuneration	1,177,148,649.00	683,720,911.38
Office and service expenses	503,374,763.70	223,268,934.78
R&D expenses	22,639,608.16	33,013,778.38
Intermediary service fees	96,314,676.03	52,988,071.18
Operating lease and utilities	94,062,312.59	53,065,743.96
Tax	7,300,320.20	69,841,574.02*
Sewage and afforestation fees	76,479,225.79	27,106,942.77
Suspension of operations	187,640,160.35	113,342,057.59
Others	528,736,995.68	215,669,669.12
	2,693,696,711.50	1,472,017,683.18

* Restated

7. FINANCE COSTS

Unit: RMB

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Interest expenses	2,262,646,885.32	1,155,498,198.75
<i>Including: Interests on bank loans and other loans fully repayable within five years</i>	<i>2,258,566,041.90</i>	<i>1,155,498,198.75</i>
<i>Interests on bank loans and other loans fully repayable over five years</i>	<i>4,080,843.42</i>	—
Less: Interest income	102,242,372.45	33,161,639.57
Less: Amount of interest capitalized (Note)	960,617,914.73	574,409,094.52
Exchange gains and losses	(18,255,095.79)	(2,626,890.83)
Handling charges	47,829,987.78	78,924,504.03
Others	103,401,978.26	83,786,500.62
	1,332,763,468.39	708,011,578.48

Note: The amount of capitalized interest has been included in construction in progress of RMB45,683,124.92 and costs for properties under development of RMB914,934,789.81 (for the six months ended 30 June 2016; the amount of capitalised interest included in the balances of construction in progress of RMB1,792,219.28 and costs of properties under development of RMB572,616,875.24).

8. GAINS FROM CHANGES IN FAIR VALUE

Unit: RMB

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Financial assets at fair value through profit or loss	(131,020,832.78)	–
Investment properties measured at fair value	257,446,447.48	447,182,996.11
	<u>126,425,614.70</u>	<u>447,182,996.11</u>

9. INCOME TAX EXPENSES

Unit: RMB

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Current income tax expenses	772,280,210.87	824,105,793.12
Deferred income tax expenses	(126,617,636.00)	(63,967,478.77)
	<u>645,662,574.87</u>	<u>760,138,314.35</u>

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

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Total profit	2,427,685,642.93	2,361,421,308.63
Income tax expense at the statutory tax rate of 25% (Note 1)	606,921,410.73	590,355,327.16
Effect of different tax rates applicable to some subsidiaries	(20,872,944.40)	(1,656,822.01)
Share of profits and losses of joint ventures and associates (Note 2)	(21,489,437.80)	2,942,107.23
Expenses not deductible	6,703,140.20	4,627,615.74
Deductible temporary differences and deductible losses utilized from previous years	(146,854,619.17)	(12,101,765.67)
Adjustments on the current income tax of previous periods	(19,100,307.79)	(2,303,029.31)
Deductible temporary difference and deductible losses not recognized	240,355,333.10	178,274,881.21
	<u>645,662,574.87</u>	<u>760,138,314.35</u>

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 2017, the shares of taxes attributable to joint ventures and associates were RMB13,838,222.67 and RMB4,025,902.11 respectively (for the six months ended 30 June 2016: RMB9,710.11 and RMB1,068,961.30 respectively).

10. BASIC EARNINGS PER SHARE

The basic earnings per share is calculated based on the net profit of the current period attributable to the ordinary shareholders of the Company divided by the weighted average number of 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 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)
Earnings		
Net profit for the current period attributable to ordinary shareholders of the Company (RMB)	<u>1,846,371,188.87</u>	<u>1,821,145,314.54</u>
Shares		
Weighted average number of issued ordinary shares of the Company	<u>10,677,771,134.00</u>	<u>10,677,771,134.00*</u>
Basic earnings per share	<u>0.17</u>	<u>0.17*</u>

* *Restated*

The Company converted the capital reserve into share capital after obtaining the approval at the 2015 annual general meeting. The Company issued bonus shares to all shareholders on the basis of 10 shares for every 10 shares, issuing 5,338,885,567 shares in total. According to the relevant requirements of Accounting Standards for Business Enterprises, the Company re-calculated the earnings per share for the six months ended 30 June 2016 based on the number of shares after adjustment.

The Company did not have potentially dilutive ordinary shares.

11. INTERIM DIVIDEND

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

12. 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 2017 (Unaudited)	As at 31 December 2016 (Audited)
Within 1 year	6,886,331,311.92	6,894,980,054.45
1 to 2 years	2,317,838,488.22	2,129,770,460.66
2 to 3 years	1,119,982,467.88	953,036,198.04
3 to 4 years	524,705,637.37	469,194,740.39
4 to 5 years	400,208,761.17	294,129,504.80
Over 5 years	460,092,763.21	399,677,696.18
	11,709,159,429.77	11,140,788,654.52
Less: provision for bad debt of accounts receivable	(2,431,138,024.71)	(2,250,876,050.03)
	<u>9,278,021,405.06</u>	<u>8,889,912,604.49</u>

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

	For the six months ended 30 June 2017 (Unaudited)	For the year ended 31 December 2016 (Audited)
Opening balance for the period/year	2,250,876,050.03	505,467,859.38
Provision for the current period/year	337,846,150.58	284,726,525.58
Transfer in on acquisition of subsidiaries	42,894.45	1,714,725,707.39
Reversal for the current period/year	(146,723,174.81)	(232,156,263.77)
Write-off for the current period/year	(10,903,895.54)	(7,541,648.07)
Transfer out on disposal of subsidiaries	—	(14,346,130.48)
Closing balance for the period/year	<u>2,431,138,024.71</u>	<u>2,250,876,050.03</u>

13. SHORT-TERM LOANS

Unit: RMB

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Guaranteed loans (Note 1)	1,446,300,000.00	1,321,700,000.00
Credit loans	34,318,166,855.00	29,927,226,954.83
Mortgaged loans	—	23,000,000.00
Pledged loans (Note 2)	423,968,885.00	755,807,187.00
	<u>36,188,435,740.00</u>	<u>32,027,734,141.83</u>

Note 1: As at 30 June 2017, the guaranteed loans were guaranteed by entities within the Group.

Note 2: As at 30 June 2017, pledged loans of the Group were obtained by pledged loans of RMB400,000,000.00 secured by equity interests with a carrying amount of RMB292,743,076.23 and loans of RMB23,968,885.00 by discounting the bills receivable of the Group's subsidiaries.

As at 30 June 2017, the interest rates of the above short-term loans were 3.30%-8.40% per annum (as at 31 December 2016: 3.30%-8.00%).

As at 30 June 2017, Tangshan High Voltage Porcelain Insulator Works Co., Ltd. (唐山高壓電瓷有限公司), a subsidiary of the Group, had outstanding loans that were due, amounting to RMB1,280,000.00 in aggregate.

All short-term loans would be due within one year.

14. 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 2017 (Unaudited)	As at 31 December 2016 (Audited)
Within 1 year	10,813,545,205.37	9,780,749,251.40
1 to 2 years	1,362,628,069.75	1,505,470,010.48
2 to 3 years	428,176,619.46	425,198,933.54
Over 3 years	812,448,324.57	600,225,485.80
	<u>13,416,798,219.15</u>	<u>12,311,643,681.22</u>

15. SHORT-TERM FINANCING BONDS PAYABLE AND BONDS PAYABLE

Unit: RMB

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Corporate bonds	15,388,878,978.95	11,880,492,387.25
Medium-term notes	7,000,000,000.00	7,000,000,000.00
Private placement bonds	<u>6,695,561,995.94</u>	<u>6,794,086,497.21</u>
Closing balance	29,084,440,974.89	25,674,578,884.46
<i>Including: Bonds payable within one year</i>	<u>9,590,948,825.21</u>	<u>4,395,182,341.01</u>
Non-current portion	<u>19,493,492,149.68</u>	<u>21,279,396,543.45</u>
Analysis of maturity of bonds payable:		
Current or within one year	9,590,948,825.21	4,395,182,341.01
Over one year but not more than two years	7,758,895,535.77	9,865,164,155.24
Over two years but not more than five years	10,439,672,289.17	8,826,521,280.97
Over five years	<u>1,294,924,324.74</u>	<u>2,587,711,107.24</u>
	<u>29,084,440,974.89</u>	<u>25,674,578,884.46</u>
Current portion:		
Short-term financing bonds	<u>3,798,549,680.74</u>	<u>3,000,000,000.00</u>

As at the balance sheet date, the short-term financing bonds above would be due within one year.

- 1) 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%.
- 2) 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%.
- 3) 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%.

- 4) Pursuant to the document Zhong Shi Xie Zhu [2014] No. PPN570 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of private placement notes for 2015 on 5 February 2015, totaling RMB2,000,000,000 with a term of 3 years and a coupon rate of 5.50%; the Company issued its second tranche of private placement notes for 2015 on 19 March 2015, totaling RMB2,500,000,000 with a term of 3 years and a coupon rate of 5.46%; and the Company issued its third tranche of private placement notes for 2015 on 20 July 2015, totaling RMB500,000,000 with a term of 3 years and a coupon rate of 5.15%.
- 5) 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 [2016] No. 35 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) for 2016 on 14 March 2016, totaling RMB3,200,000,000 with a term of 3 years and a coupon rate of 3.12%; and the Company issued its first tranche of corporate bonds (type two) for 2016 on 14 March 2016, totaling RMB1,800,000,000 with a term of 5 years and a coupon rate of 3.5%.
- 6) Jidong Development Group Co., Ltd. ("**Jidong Development Group**") obtained the filing document (Zheng Jian Xu Ke [2015] No. 252) issued by the China Securities Regulatory Commission on 3 June 2015. It completed the non-public issue of corporate bonds on 24 July 2015, totaling RMB1,500,000,000 with a term of 3 years and a coupon rate of 7.44%.
- 7) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810) issued by National Development and Reform Commission, Jidong Development Group issued the first tranche of corporate bonds for 2012 on 13 September 2012, totaling RMB800,000,000 with a term of 7 years and a coupon rate of 6.3%.
- 8) Pursuant to the approval document (Zhong Shi Xie Zhu [2015] No. PPN73) issued by the National Association of Financial Market Institutional Investors, Tangshan Jidong Concrete Co., Ltd. could conduct non-public placement financing of no more than RMB1,500,000,000. The amount of the first tranche of private placement notes for 2014-2016 is RMB300,000,000 with a term of 3 years and a coupon rate of 7.00%. The maturity date is 4 May 2018. The amount of the second tranche of private placement notes for 2014-2016 is RMB500,000,000 with a term of 3 years and a coupon rate of 6.80%. The maturity date is 3 June 2018.
- 9) Pursuant to the document (Zhong Shi Xie Zhu [2013] No. PPN369) issued by the National Association of Financial Market Institutional Investors, Tangshan Jidong Cement Co., Ltd. ("**Jidong Cement**"), issued the first tranche of private bonds for 2014 on 20 May 2014, totaling RMB100,000,000 with a term of 3 years and a coupon rate of 6.9%. On 19 September 2014, it issued the second tranche of private bonds for 2014, totaling RMB900,000,000 with a term of 3 years and a coupon rate of 6.5%.
- 10) Pursuant to the approval of the Reply in relation to National Development and Reform Commission Agreeing the Issuance of Corporate Bonds for 2007 by Jidong Cement (Fa Gai Cai Jin [2007] No. 1814) issued by National Development and Reform Commission and document (Ji Fa Gai Cai Jin [2007] No. 1177) issued by Hebei Development and Reform Commission, Jidong Cement issued corporate bonds of Jidong Cement for 2007 of RMB600,000,000 with a term of 10 years and a coupon rate of 5.49% on 1 August 2007.

- 11) Pursuant to the document (Zheng Jian Xu Ke [2011] No. 1179) issued by China Securities Regulatory Commission, Jidong Cement issued corporate bonds of no more than RMB2,500,000,000 to the public, including “2011 Jidong 01” and “2011 Jidong 02”. On 30 August 2011, it issued 2011 Jidong 01, totaling RMB1,600,000,000 with a coupon rate of 6.28% and an effective interest rate of 6.46%. The term of the bonds is 7 years (with the issuer’s option to raise the coupon rate after the end of the fifth year and the investors’ entitlement to sell back the bonds). The sale back amount as announced on 30 August 2016 is RMB522,000,000, with the remaining amount of RMB1,078,000,000 due on 30 August 2018. On 20 March 2012, it issued 2011 Jidong 02 in an amount of RMB900,000,000 with a coupon rate of 5.58% and an effective interest rate of 5.76%. The term of the bonds is 8 years (with the issuer’s option to raise the coupon rate after the end of the fifth year and the investors’ entitlement to sell back the bonds). The sale back number of valid notes as announced on 17 March 2017 was 4,813,050, while the sale back price was RMB100 per note (exclusive of interest). The total sale back amount was RMB 481,305,000.00 (exclusive of interest), with the remaining amount of RMB442,000,000 due on 20 March 2020.
- 12) Pursuant to the document (Zheng Jian Xu Ke [2012] No. 1000) issued by China Securities Regulatory Commission, Jidong Cement issued corporate bonds of no more than RMB2,050,000,000 to the public. On 15 October 2012, it issued 2012 Jidong 01 Bonds in an amount of RMB800,000,000 with a term of 5 years, a coupon rate of 5.65% and an effective interest rate of 5.80%. The maturity date is 15 October 2017. On 15 October 2012, it issued 2012 Jidong 02 Bonds in an amount of RMB450,000,000 with a term of 7 years, a coupon rate of 5.90% and an effective interest rate of 6.02%. The maturity date is 15 October 2019. On 15 October 2012, it issued 2012 Jidong 03 Bonds in an amount of RMB800,000,000 with a term of 10 years, a coupon rate of 6.00% and an effective interest rate of 6.09%. The maturity date is 15 October 2022.
- 13) 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%; 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%; 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%. 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%. The above short-term financing bonds have been repaid in full.
- 14) 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%; and 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%.
- 15) Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP[174] issued by the National Association of Financial Market Institutional Investors, Jidong Cement issued its first tranche of ultrashort financing bonds for 2016 in open market on 27 January 2016, totaling RMB500,000,000 with a term of 270 days and a coupon rate of 6.99%. The maturity date is 23 October 2016.

- 16) Pursuant to the approval document (Zhong Shi Xie Zhu [2015] No. PPN390) issued by the National Association of Financial Market Institutional Investors on 31 August 2015, Jidong Development Group Co., Ltd. issued the first tranche of private placement notes (“private placement bonds”) of Jidong Development Group for 2015 in open market on 31 December 2015, totaling RMB500,000,000 with a coupon rate of 6.50% and a term of 1 year.
- 17) Upon consideration and approval by the 4th meeting of the 4th session of the Board held on 23 March 2016 and the 2015 annual general meeting of the Company held on 18 May 2016, the Company intended to issue corporate bonds of no more than RMB4,000,000,000. Pursuant to the document [2017] No. 46 issued by the China Securities Regulatory Commission, the Company issued its first tranche of corporate bonds (type one) for 2017 on 19 May 2017, totaling RMB3,500,000,000 with a term of 5 years and a coupon rate of 5.2%; and the Company issued its first tranche of corporate bonds (type two) for 2017 on 19 May 2017, totaling RMB500,000,000 with a term of 7 years and a coupon rate of 5.38%.
- 18) 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 2017 on 13 January 2017, totaling RMB3,000,000,000 with a term of 88 days and a coupon rate of 3.9%; and the Company issued its second tranche of ultrashort financing bonds for 2017 on 14 March 2017, totaling RMB3,000,000,000 with a term of 245 days and a coupon rate of 4.58%.
- 19) Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP[174] issued by the National Association of Financial Market Institutional Investors, it was agreed that Jidong Cement issued its first tranche of ultrashort financing bonds for 2017 in open market on 21 June 2017, totaling RMB1,000,000,000 with a term of 270 days and a coupon rate of 5.1%. The maturity date is 18 March 2018.

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

16. LONG-TERM LOANS

Unit: RMB

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Mortgaged loans	7,034,440,000.00	7,212,507,602.00
Guaranteed loans	8,167,297,997.00	4,389,480,000.00
Credit loans	7,915,180,000.00	5,042,565,000.00
Pledged loans	<u>3,000,000,000.00</u>	<u>3,000,000,000.00</u>
Closing balance	26,116,917,997.00	19,644,552,602.00
Less: Long-term loans due within one year	<u>2,034,077,997.00</u>	<u>1,556,867,602.00</u>
Non-current portion	<u><u>24,082,840,000.00</u></u>	<u><u>18,087,685,000.00</u></u>

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Analysis of maturity of long-term loans:		
Current or within one year	2,034,077,997.00	1,556,867,602.00
Over one year but not more than two years	4,650,340,000.00	3,431,720,000.00
Over two years but not more than five years	12,831,900,000.00	6,484,365,000.00
Over five years	<u>6,600,600,000.00</u>	<u>8,171,600,000.00</u>
	<u>26,116,917,997.00</u>	<u>19,644,552,602.00</u>

As at 30 June 2017, the above loans bore interest rates of 1.20%-10.34% (as at 31 December 2016: 1.20%-10.34%) per annum.

17. NET CURRENT ASSETS

Unit: RMB

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Current assets	133,984,321,522.32	119,478,725,399.42
Less: current liabilities	<u>(107,979,795,088.56)</u>	<u>(94,964,189,744.13)</u>
Net current assets	<u>26,004,526,433.76</u>	<u>24,514,535,655.29</u>

18. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Total assets	223,970,881,278.08	208,397,116,875.73
Less: current liabilities	<u>(107,979,795,088.56)</u>	<u>(94,964,189,744.13)</u>
Total assets less current liabilities	<u>115,991,086,189.52</u>	<u>113,432,927,131.60</u>

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 2017, and report on the operating results of the Company during the said period.

Review

During the first half of the year, the Company took active initiative to adapt to the “new normal” of economic development and responded to the complicated development landscape as well as emerging risks and challenges in an effective manner by adhering to the goals and missions determined at the beginning of the year. As a result, we saw stable and sound growth in the overall development of the Company. The quality of the economic operation continued to improve under the development trend of serving the capital city while economic structural adjustment made steady progress. Besides, the enhancing synergy brought by the restructuring of BBMG and Jidong Development Group, acceleration of green reform and the strengthening of fundamental management laid a solid foundation for achieving the full-year targets in full force.

During the Reporting Period, the Company recorded operating revenue of RMB29,465.8 million, representing a year-on-year increase of 25.7%; net profit attributable to the shareholders of the parent company amounted to RMB1,846.4 million, representing a year-on-year increase of 1.4%; basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.17.

Prospects

In terms of the macro environment, the Chinese economy is currently in a critical period of replacing old energy with new one, as well as economic transformation and upgrade. There is no change in the fundamental situation of favorable economic development in the long run. Basic features such as strong economic resilience, great potential and ample room for maneuver also remained unchanged. From the point of view of industry background, capacity downsizing and structural adjustment have a long way to go, given the continuous and absolute excessive production capacity across the cement industry in China. The regulation on the real estate market as a whole demonstrated favorable results, however, the structural contradiction remained prominent and the differentiation among cities became more serious. Confronted by the abovementioned opportunities and challenges, the Company will develop major businesses including “cement and ready-mixed concrete, modern building materials and commerce and logistics, property development and property investment and management” in accordance with the capital’s positioning of functions by adhering to the development philosophy of “innovation, coordination, green, open and sharing”. In addition, it will take initiative in involving in the implementation of significant national policies, such as “One Belt and One Road”, the synergetic

development of Beijing, Tianjin and Hebei Province and the supply-side structural reform, as well as the construction of sub-town centre in Beijing and Xiongan New Area and the promotion of “functions transfer and improvement for enhancement”. The Company will be committed to enhancing the quality and efficiency of development with a focus on the high-end of industrial technologies and values, with a view to building development landscapes and industry positions which are competent to the scale of different industries.

High positioning and practical actions boost enterprise growth. 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 achieving a new round of leap-forward development for BBMG with relentless efforts.

MANAGEMENT DISCUSSION AND ANALYSIS

DETAILS OF THE COMPANY’S PRINCIPAL BUSINESS, BUSINESS MODEL AND INDUSTRY SITUATION DURING THE REPORTING PERIOD

(I) Principal business and business model of the Company

The Company’s principal businesses include cement and ready-mixed concrete – modern building materials and commerce and logistics – property development – property investment and management.

1. Cement and ready-mixed concrete business: After the strategic restructuring with Jidong Development Group, the Company has become the third largest cement enterprise in the country. The cement business of the Company continued to take Beijing, Tianjin and Hebei as its core strategic regions, and continued to expand its market coverage to 13 provinces, autonomous regions and municipalities, including Beijing, Tianjin, Hebei and Shaanxi Province. The production capacity of clinker amounted to approximately 117 million tonnes; the production capacity of cement amounted to approximately 170 million tonnes; the production capacity of ready-mixed concrete and ready-mixed mortar amounted to approximately 78.0 million cubic meters and approximately 2.25 million tonnes respectively while the production capacity of grinding aids and admixtures amounted to approximately 38.5 million tonnes and approximately 0.34 million tonnes respectively. The Company will insist to promote market expansion and strategic resources consolidation simultaneously, and has a total of about 1.7 billion tonnes of reserve of limestone in Beijing, Tianjin and Hebei Province.

2. Modern building materials and commerce and logistics business: The Company is one of the largest building materials manufacturers in China, the largest building materials manufacturer and one of the leaders in the building materials industry in Pan Bohai Economic Rim in Beijing. The major products include furniture, wall body and insulation materials as well as decorative and fitting materials, among which, Tiantan Furniture is the leading enterprise in the furniture industry in China while Long Shun Cheng Hardwood Furniture, a renowned Chinese brand in Beijing with a hundred of years of history, is inscribed on the national list of intangible cultural heritage. The scales of production and sales of BBMG's aerated products rank the first in the northern regions. The single line production capacity of BBMG's star rock wool is the largest in China. BBMG's production capacity of fire retardant paint and comprehensive strength ranked top 3 in the country. The production capacity of the single production line of mineral wool boards of STAR-USG Building Materials ranked number one in the world, which is also the largest production line in Asia and ranked number two in China in terms of sales to mid- to high-end channels. Beijing Building Materials Trading Tower was named the "Number One Modern Building Materials Manufacturer in Beijing". With strenuous efforts made in the implementation of structural adjustment and industrial upgrade, the Company invested in the construction of BBMG Modern Industrial Park in Dachang, Hebei, and completed the planned upgrade of Doudian Circular Economic Park in Fangshan, Beijing, thereby basically forming the centralized production model in the industrial parks and gradually achieved industrial synergy. In response to the needs of the construction of a sub-town center in Beijing, the Company took the initiative to be the major supplier for the construction materials required by the construction of the sub-town center project, and stationed in the construction site to organize and coordinate the work on securing the supply of construction materials for the project. This has enhanced the image of the Company's new construction materials products in the market and made improvement to the aspects such as product quality, organization and securing as well as management level. As long as risks are under control, the Company can enhance the development of trade and logistics industry and proactively explore developed operating and marketing modes of e-commerce.
3. Property development business: The Company is one of the leading property developers in terms of comprehensive strength and the earliest affordable housing developers with the highest number of projects and most comprehensive system in Beijing. Currently, the property development business of the Company has realized a strategic layout covering the three major economic circles in Beijing, Tianjin and Hebei Province, Yangtze River Delta and the economic zones of Chengdu-Chongqing region, the four municipalities of Beijing, Shanghai, Tianjin and Chongqing, as well as 14 provincial (or regional core) cities such as Hangzhou, Nanjing, Hefei and Haikou. In 2010, the Company was awarded the title of "National Housing Industrialisation Base" by the Ministry of Housing and Urban-Rural Development of the PRC, which is the first property developer receiving such title in Beijing.

4. Property investment and management business: The Company is one of the largest holders and managers of investment properties in Beijing, holding approximately 1.20 million sq.m. of high-end office units (including investment properties held in the core districts of Beijing totaling approximately 715,500 sq.m.) and managing nearly 14.0 million sq.m. of properties (including offices, residential communities and commercial units at low floors) in Beijing. The Company has been leading the industry in Beijing and even the PRC for years in areas including specialized techniques, brand awareness, occupancy rate and revenue. Meanwhile, the resort and leisure business, with Fengshan Hot Spring Resort and Badaling Hot Spring Resort as key projects, has built up its scale and gained sound reputation in the society.

(II) Description of major industries

1. *Cement Industry*

During the first half of 2017, the Chinese economy maintained the steady growth trend from 2016. In particular, the investment in infrastructure, which is closely related to the demand for cement, continued to fluctuate at high level, and the growth of investment in real estates has slow down, but the decrease was not significant. As a result, the demand for cement in the first half of the year basically remained flat as compared to the same period of last year. According to the statistics of National Bureau of Statistics of the PRC, in the first half of 2017, the production of cement nationwide amounted to 1.11 billion tonnes, representing a year-on-year growth of 0.4%, which was basically unchanged as compared to that of last year. In terms of regions, the southern parts of the PRC demonstrated stronger performance while the northern parts of the country performed poorly. Eastern China, Southwestern China and South Central China recorded positive growth while Northern China, Northeastern China and Northwestern China recorded negative growth, among which Northern China experienced the biggest decline in growth rate with Beijing, Inner Mongolia, Tianjin, Hebei and Gansu seeing a double-digit drop. The growth rates of Beijing, Tianjin and Hebei were down by approximately 33%, approximately 14% and approximately 13% year-on-year, respectively. With effective control on the supply front, the industry has achieved steady and rapid growth in terms of efficiency. The profit of the cement industry amounted to RMB33.4 billion in the first half of 2017, representing a year-on-year increase of 248%, which is higher than the total profit for the whole year of 2015; while the profit margin of the industry stood at 7.26%, which is higher than the average profit margin of the industry.

2. *Property Development Industry*

During the first half of 2017, the policy on the real estate industry continued to adhere to the main theme of varying austerity measures according to segments and cities in general. Under the influence of the stable and neutral monetary policy and austerity measures on the real estate industry, the housing prices of first-tier cities and popular second-tier cities remained stable. As evidenced by statistics provided by the National Bureau of Statistics of the PRC, investment in real estate development across the country aggregated RMB5,061.0 billion in the first half of the year, representing a nominal increase of 8.5% over last year, among which investment in residential properties was RMB3,431.8 billion, increased by 10.2%, and the growth rate increased by 0.2%. Investment in residential properties accounted for 67.8% of aggregate investment in real estate development. During the first half of the year, construction sites for corporate use of real estate developers reached 6,923.26 million sq.m., representing an increase of 3.4% over last year, among which 4,727.22 million sq.m. were area of construction sites for residential properties, which increased by 2.9%. Area of newly-started construction of real estate was 857.20 million sq.m., increasing by 10.6%, and the growth rate increased by 1.1%. Of this, 613.99 million sq.m. were area of newly-started construction of residential properties, which increased by 14.9%. Area of completed real estate construction was 415.24 million sq.m., increasing by 5.0%, and the growth rate decreased by 0.9%. Of this, area of completed residential property construction was 297.60 million sq.m., up by 2.5%. Purchased land area by real estate developers were 103.41 million sq.m. in the first half of the year, increasing by 8.8% over last year. Area of sold commodity housing across the country in the first half of the year reached 746.62 million sq.m., increasing by 16.1% over last year. Of this, area of sold residential properties jumped 13.5%, area of offices sold 38.8% and area of properties sold for the purpose of commercial operation 32.5%. The sold commodity housing was valued at RMB5,915.2 billion, surging 21.5%, and the growth rate increased by 2.9%, of which sales of residential properties rose 17.9%, sales of offices 38.9% and sales of properties for the purpose of commercial operation 41.7%. As at the end of June 2017, area of commodity housing for sales was 645.77 million sq.m., a decrease of 14.41 million sq.m. as compared with that of the end of May. Of this, area of residential properties for sale decreased by 13.05 million sq.m., area of offices for sale decreased by 0.60 million sq.m. and area of properties for the purpose of commercial operation for sale decreased by 1.28 million sq.m..

Summary of Financial Information

Unit: RMB'000

	For the six months ended 30 June		
	2017 (Unaudited)	2016 (Unaudited)	Change
Operating revenue	29,465,846	23,446,784	25.7%
Operating revenue from principal business	28,778,106	23,155,962	24.3%
Gross profit from principal business	7,598,533	5,702,013	33.3%
Gross profit margin from principal business (%)	26.4	24.6	an increase of 1.8 percentage points
Total profit	2,427,686	2,361,421	2.8%
Net profit	1,782,023	1,601,283	11.3%
Net profit attributable to the shareholders of the parent company	1,846,371	1,821,145	1.4%
Basic earnings per share attributable to the shareholders of the parent company (RMB) (* adjusted for bonus issue)	0.17	0.17*	Unchanged
	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)	Change
Cash and bank balances	22,781,755	28,010,211	-18.7%
Current assets	133,984,322	119,478,725	12.1%
Current liabilities	107,979,795	94,964,190	13.7%
Net current assets	26,004,526	24,514,536	6.1%
Non-current assets	89,986,560	88,918,391	1.2%
Non-current liabilities	51,981,078	50,523,416	2.9%
Total assets	223,970,881	208,397,117	7.5%
Equity attributable to the shareholders of the parent company	45,380,777	44,200,489	2.7%
Debt ratio (total liabilities to total assets) (%)	71.4	69.8	an increase of 1.6 percentage points

Summary of Business Information

	For the six months ended 30 June		
	2017	2016	Change
Cement and Ready-mixed Concrete Segment			
Sales volume of cement (in million tonnes)	45.83	20.33	125.4%
Sales volume of ready-mixed concrete (in million cubic metres)	6.56	5.66	15.9%
Modern Building Materials and Commerce and Logistics Segment			
Stone wool boards (in thousand tonnes)	20.4	10.1	102.0%
Property Development Segment			
Booked GFA (in thousand sq.m.)	406.6	728.3	-44.2%
Contracted sales GFA (in thousand sq.m.)	784.7	506.0	55.1%
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	715.5	732.8	-2.4%

DISCUSSION AND ANALYSIS ON OPERATIONS

During the first half of 2017, the economic fundamentals of the country to maintain sound development in the long run remained unchanged. Meanwhile, the Chinese economy is in the critical period of continuous transition from old to new drivers as well as economic transformation and upgrade. The Company firmly fostered and consistently implemented the new development philosophy of “innovation, coordination, green, open and sharing” and took active initiative to adapt to the “new normal” of economic development. Moreover, the Company continued to put great efforts in enhancing the quality and efficiency of development and accelerated the pace towards transformation and upgrading to adapt to the capital’s positioning of functions. It also actively integrated key national strategies, such as “One Belt and One Road”, the synergistic development of Beijing, Tianjin and Hebei Provinces and the supply-side structural reform, into its development of the sub-town centre of Beijing and the strategy of “promoting enhancement through transfer of functions and governance”. Moreover, the Company has 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. As a result, major economic indicators have witnessed accelerated growth rate and key projects were making good progress. The operation quality of the economy showed continuous improvement and the development of the overall economy continued to display sound improvement amidst stability.

During the first half of 2017, the Company recorded operating revenue of approximately RMB29,465.8 million, of which operating revenue from its principal business amounted to approximately RMB28,778.1 million, representing a year-on-year increase of 24.3%; total profit amounted to approximately RMB2,427.7 million, representing a year-on-year increase of 2.8%; net profit amounted to approximately RMB1,782.0 million, representing a year-on-year increase of 11.3%; and net profit attributable to the shareholders of the parent company amounted to approximately RMB1,846.4 million, representing a year-on-year increase of 1.4%.

(1) Cement and Ready-mixed Concrete Segment

The cement and concrete segment upholds the strategic positioning of “building a world-class cement industry group which is modern, professional and large in scale” while places emphasis on the improvement of management, integration of cultures and consolidation of operation. The Company further promoted the establishment and adjustment of organizational structure and operation models and continued to devote considerable efforts in aspects such as regional markets consolidation, promotion of industry self-discipline, optimization of resources allocation and assurance for marketing services. By implementing unified marketing management and control and strengthening the synergy effect between production and sales, together with the benefits brought by reorganization and progress of integrated operation, the Company has enhanced the level of industry self-discipline and market synergy. It has also achieved growth in both social and economic efficiency by leveraging the advantages in scale and the control and reduction of procurement cost.

The cement and ready-mixed concrete segment recorded operating revenue from principal business of approximately RMB13,919.6 million during the first half of 2017, a year-on-year increase of 173.1%. Gross profit amounted to approximately RMB3,762.3 million, a year-on-year increase of 391.0%. The consolidated sales volume of cement and clinker reached 45.83 million tonnes, a year-on-year increase of 125.4%, among which cement sales volume amounted to 38.73 million tonnes and clinker sales volume amounted to 7.11 million tonnes, and the aggregated gross profit margin for cement and clinker was 29.4%, a year-on-year increase of 18.7 percentage points. Sales volume of ready-mixed concrete totaled 6.56 million cubic meters, a year-on-year increase of 15.8%, while the gross profit margin for ready-mixed concrete was 7.5%, a year-on-year decrease of 8.4 percentage points.

(2) Modern Building Materials and Commerce and Logistics Segment

With “making the industry more solid, management stronger and products better” as its main tasks and implementing enterprise diagnosis, carrying out benchmark management and organising specific activities to “lower costs and expenses and increase production and sales volume” as its entry points, the Company has further enhanced its corporate management and achieved continuous improvement in its marketing channels and market layout while pushing ahead with the work in respect of upgrading of quality and efficiency and grasping the opportunities in the market. As a result, the Company has seen a better improvement in profitability.

The modern building materials and commerce and logistics segment recorded operating revenue from principal business of approximately RMB7,081.6 million during the first half of 2017 (among which, the manufacturing business accounted for approximately RMB1,250 million and commerce and logistics business accounted for approximately RMB5,832 million), representing a year-on-year increase of 37.2%. Gross profit from principal business amounted to approximately RMB539.1 million, representing a year-on-year increase of 18.0%.

(3) Property Development Segment

The Company has further promoted the reform of organizational management and control model of the real estate segment and streamlined the management levels so as to achieve flat, professional and regional management while strengthening the real estate enterprises' market operation ability and their abilities to deal with market risks. Besides, the Company has seriously examined the urban development planning and land use policy under this new environment with a view to developing its own land liability system and a coordinating mechanism for providing supports. Hence, the operating ability and profitability of the Company have shown continuous improvement. During the Reporting Period, Jinyu Feili Noble Castle Project was occupied in a concentrated manner; the apartment and commercial properties of Jinyu Tang+ Project and phase I of Shanghai Juyuan Project were delivered and put into operation ahead of schedule; Chengdu Longxijun Project was completed and accepted ahead of schedule; phase III of the Beijing Treasures Mansion House Project and Xishan Jia No. 1 Project recorded robust sales. The Company won the bid for a plot of land in Tianzhu Town, Shunyi, two plots of land in Gaoxin District, Ningbo and three plots of land for Tangshan Qixin Cement Factory. The Company has newly acquired approximately 413,300 sq.m of land reserve.

The property development segment recorded operating revenue from principal business of approximately RMB7,296.5 million during the first half of 2017, representing a year-on-year decrease of 37.8%. The gross profit from its principal business was approximately RMB2,356.8 million, a year-on-year decrease of 34.2%. The booked GFA was 406,592 sq.m. for the year, a year-on-year decrease of 44.2%, among which booked GFA of commodity housing amounted to 401,811 sq.m., a year-on-year decrease of 36.7%, while booked GFA of affordable housing amounted to 4,781 sq.m., a year-on-year decrease of 94.9%. The aggregated contracted sales area of the Company was 784,715 sq.m., a year-on-year increase of 55.1%, among which contracted sales area of commodity housing amounted to 634,951 sq.m., a year-on-year increase of 45.6%, and contracted sales area of affordable housing amounted to 149,764 sq.m., a year-on-year increase of 114.5%. During the Reporting Period, the Company recorded contracted sales of approximately RMB13,360 million, representing a year-on-year increase of 38.8%, and cash collection of approximately RMB12,050 million, representing a year-on-year increase of 3.6%. As at the end of the Reporting Period, the Company had a land reserve totaling approximately 7,480,000 sq.m.

Major Land Reserve Acquired by the Group in the First Half of 2017

No	Name of projects (parcel of land)	Location	Use of the land	Land area of the project (sq.m.)	Planning plot ratio area (sq.m.)	Land price (RMB million)	Method of acquisition	Date of acquisition	Percentage of interest
1	Plot at Block 22, Tianzhu Town, Shunyi District, Beijing (SY00-0022-6015)	Shunyi District, Beijing	Residential/educational	45,105	112,093	1,930	Listing	27 April 2017	95%
2	Plot at Gaoxin District, Ningbo (GX03-01-07)	Gaoxin District, Ningbo	Residential	36,061	72,122	1,168.38	Listing	4 May 2017	100%
3	Plot C-01 at district of Qixin Cement Factory, Tangshan	Qixin Cement Factory, Tangshan	Residential	48,093	120,232	685.32	Auction	9 May 2017	100%
4	Plot C-04 at district of Qixin Cement Factory, Tangshan	Qixin Cement Factory, Tangshan	Service facilities	7,803	8,583	28.11	Auction	9 May 2017	100%
5	Plot A-01 at district of Qixin Cement Factory, Tangshan	Qixin Cement Factory, Tangshan	Commercial	5,485	6,033	18.88	Auction	9 May 2017	100%
6	Residential Plot at Gaoxin District, Ningbo (GX03-02-15)	Gaoxin District, Ningbo	Residential	42,830	94,226	1,884.52	Listing	14 June 2017	100%
Total				<u>185,376</u>	<u>413,289</u>	<u>5,715.21</u>			

Note: 1. On 7 July 2017, the Company successfully made a bid of RMB3,200 million for the right to develop a land located in the East of Changting Street and North of Chengxin Avenue, Jiangning District, Nanjing. The gross floor area above ground is 162,127 sq.m., of which affordable housing of 27,800 sq.m. will be built.

2. On 22 August 2017, the Company successfully made a bid of RMB457.47 million for the land use right of a land PD2017-02 located in Yili Village Yi She and Chengguan Village San She, Pitong Town Street, Pidu District, Chengdu (成都市郫都区郫筒镇街道一里村一社、城關村三社). The gross floor area above ground is 64,433 sq.m.

(4) Property Investment and Management Segment

In addition to strengthening the work on the transfer of the industrial functions of the Beijing capital city, the Company also stepped up the efforts in promoting enterprise transformation and upgrade and thus maintained stable growth of major economic indicators. BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限公司) stayed focused on its existing projects, at the same time striving to optimize its customer structure and explore new operation model. As a result, the operation of the commercial, hotel and apartment segments remained stable with the average occupancy rate of office units, Sheraton Hotel and apartments stayed at 95%, 77%, and 94% respectively. After successfully providing accommodation for the “Belt and Road” Forum for International Cooperation, BBMG Sheraton Hotel (金隅喜來登酒店) has directed the emphasis of work towards operation transformation and upgrade with a view to further enhancing the quality and efficiency of development. Meanwhile, the property operation companies have sought continuous improvement in service quality and made proactive efforts in market expansion in order to further establish their presences as high-end and professional property management service brands.

The property investment and management segment recorded operating revenue from principal business of approximately RMB1,666.1 million during the first half of 2017, a year-on-year increase of 18.3%. Gross profit from principal business amounted to approximately 1,075.2 million, representing a year-on-year increase of 14.9%. As at the end of the Reporting Period, the Company held investment properties totaling approximately 715,500 sq.m. in the core districts of Beijing. The consolidated average occupancy rate was 90% and the consolidated average rental unit price was RMB8.0/sq.m./day.

Investment properties held by the Group as at 30 June 2017

	Location	Usage	Property Gross Area (thousand sq.m.)	Fair Value (RMB million)	Average Rental Unit Price (RMB/day)	Average Occupancy Rate	Unit Fair Value (RMB/ sq.m.)
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	120.5	3,149.42	10.9	98%	26,126
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	172.1	3,231.04	7.6	80%	18,776
Phase 3 of Global Trade Centre (Ground Floor Commercial)	North Third Ring Road, Beijing	Retail	71.7	1,141.70	7.3	96%	15,930
Tengda Plaza	West Second Ring Road, Beijing	Commercial	84.3	1,648.90	9.5	96%	19,569
Jin Yu Mansion	West Second Ring Road, Beijing	Commercial	44.8	1,073.40	9.6	91%	23,940
Jianda Building and Beijing Building Materials Trading Tower	East Second Ring Road, Beijing	Commercial	59.4	1,264.00	5.5	95%	21,297
Dacheng Building	West Second Ring Road, Beijing	Commercial	42.8	1,028.69	9.1	93%	24,061
	Sub-total		595.6	12,537.15			21,053
Other properties	Beijing Municipality	Commercial and retail	119.9	2,634.40			21,962
	Total		715.5	15,171.55	8.0	90%	21,205

ANALYSIS OF ASSETS AND LIABILITIES

Unit: RMB'000

	As at 30 June 2017	As at 31 December 2016	Change
Cash and bank balances	22,781,754.85	28,010,211.15	-18.7%
Inventories	85,539,804.85	64,111,234.89	33.4%
Available for sale financial assets	4,155,177.36	2,498,348.40	66.3%
Construction in progress	4,143,565.01	3,963,622.13	4.5%
Short-term financing bonds payable	3,798,549.68	3,000,000.00	26.6%
Bonds payable	19,493,492.15	21,279,396.54	-8.4%

Cash and bank balances decreased by approximately RMB5,288.5 million as compared with that of the beginning of the Reporting Period, mainly attributable to the capital outflow on the increase in the acquisition of land reserve of the Company and net capital inflow from financing activities during the Reporting Period.

Inventories increased by approximately RMB21,428.6 million as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in the acquisition of land reserve and increase in input on projects under construction of the property development segment of the Company during the Reporting Period.

Available for sale financial assets increased by approximately RMB1,656.8 million as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in interbank certificates of deposit held by the Company during the Reporting Period.

Construction in progress increased by approximately RMB179.9 million as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in investment in the international logistics park project and Tiantan Dachang project of the Company during the Reporting Period.

Short-term financing bonds payable increased by RMB798.5 million as compared with that of the beginning of the Reporting Period, mainly attributable to the issuance of short-term financing bonds by the Company during the Reporting Period.

Bonds payable decreased by approximately RMB1,785.9 million as compared with that of the beginning of the Reporting Period, mainly attributable to the net capital outflow due to the issuance and repayment of bonds by the Company during the Reporting Period.

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 RMB257.4 million, accounting for 10.6% of the profit before tax. The year-on-year decrease of gains from changes in fair value of investment properties of 42.4% during the Reporting Period from the same period in the previous year was mainly due to the transfer to the costs of other operations of approximately RMB69.6 million from the gains from changes in fair value as a result of the disposal of certain investment properties by the Company during the Reporting Period.

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

During the Reporting Period, the expenses incurred by the Group saw a considerable year-on-year growth due to business expansion following the completion of the restructuring with Jidong Development Group in the second half of 2016.

- (1) Selling expenses were RMB1,162.1 million in the first half of 2017, an increase of RMB438.0 million year-on-year, mainly attributable to the increase in remuneration of agent staff, agency fee and transportation expenses.
- (2) Administrative expenses were RMB2,693.7 million in the first half of 2017, an increase of RMB1,221.7 million year-on-year, mainly attributable to the increase in employee remunerations and office and service expenses.
- (3) Finance costs were RMB1,332.8 million in the first half of 2017, an increase of RMB624.8 million year-on-year, mainly attributable to the increase in interest expenses as a result of the increase in the scale of loans.

3. *Cash flows*

In the first half of 2017, a net decrease of RMB3,266.1 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 RMB11,342.6 million; net cash outflow generated from investment activities was RMB2,313.6 million; net cash inflow generated from financing activities was RMB10,371.9 million; and the effect of changes in exchange rate on cash and cash equivalents increased by RMB18.2 million.

CORE COMPETITIVENESS ANALYSIS

The Company is the third largest cement enterprise in the country and 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 in Beijing, Tianjin and Hebei. Being one of the top 10 real estate enterprises in Beijing and the earliest affordable housing developers which has the largest number of projects and most comprehensive system in Beijing, the Company owns low-cost land reserve for development in first-tier cities. Also, the Company is one of the largest suppliers of green, eco-friendly and energy-saving building materials in the Pan Bohai Rim 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 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 green building materials manufacturing industry, the Company extends its industrial chain upward and downward and expands toward property development sector. 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. By enhancing the product quality and service capacity, modern building materials and property management services sectors have enhanced their competitiveness and further promoted the quality of real estate projects. By 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 promotion 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 regions 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, while 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 enhanced its overall strength through technology innovation and continued to increase investment in technology R&D, which gave the Company a sharp leading edge in the industry in respect of technologies. Technology innovation nurtured new economic growth point for the Company and strengthened the momentum of industrial development. The Company has a state-level enterprise technology center and obtained the approval to establish science association and academic expert service centre. BBMG Academia Sinica was approved as a postdoctoral scientific research workstation, and enterprises including Academy of Scientific Research for Building Materials (建材科研總院) were approved as Beijing International Science and Technology Cooperation Base. The Company established the technology innovation system of “1+N” with BBMG Academia Sinica, professional R&D institutions as well as the enterprise’s technology centre, engineering centre and key laboratory as its core players. The Company also established a mature cooperation mechanism of “production, study, research and application” with tertiary institutes and scientific research institutions including the University of Beijing, Beijing University of Technology and University of Science & Technology Beijing. In addition, the Company established and improved the system of dispatching chief technology officer, realizing the localization, regionalization and normalization of technical support services. The Company built technology innovation platforms of various levels including the academic workstation, the municipal-level technology cooperation base and the state-level testing centre.

During the first half of 2017, the Company launched 18 major R&D projects, among which, projects such as Technology Research and Application of Substituting Cement Kiln Fuel with Retired Tires (廢舊輪胎替代水泥窯燃料技術研究及應用) and Research on Application of BIM-based Building Technology (基於BIM的建築應用技術研究) have achieved initial success, which will have a positive and promotional impact on the replacement of cement kiln fuel, assembled construction and the construction of a prepared component base. The Company has applied for 22 patents and recorded revenue from sales of new products of RMB1.09 billion. The establishment of 4 projects, including the Key Technology Research and Application of Production of Green Building Materials from Bulk Solid Wastes from Industrial and Urban Areas (工業及城市大宗固廢製備綠色建材關鍵技術研究與應用) of Academy of Scientific Research for Building Materials, were approved as National Key Research Projects under the “13th Five-year Plan”. Beijing BBMG Liushui Environmental Protection Technology Co., Ltd., Hebei BBMG Dingxin Cement Co., Ltd., Beijing Jinyu Aerated Concrete Co., Ltd. and Guangling Jinyu Cement Co., Ltd. were recognized as national high-tech enterprises.

3. **Competitive Edge in Sustainable Development of Green Operations:** By closely adhering to the strategic positioning of the capital city, accurately capitalizing on the essential requirements of the development of the capital city and firmly fostering and implementing the new development philosophy of “innovation, coordination, green, open and sharing”, the Company has stepped up its efforts in developing circular economy and low-carbon economy, establishing a sound system for environmental protection management, accelerating its pace towards transformation and upgrading in full force and embarking on a sustainable path for green development. Adhering to its development concept of “being a purifier of the city and a good helper of the government”, the Company has built a 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 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, 30,000 tonnes of fly ashes and over 40 types of hazardous waste per year, the Company is in charge of the 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 enterprises, which maximize the Company’s economic and resource usage efficiencies. As a result, the Company has made positive contributions to urban development, environmental safety and social harmony. The Company was also the only enterprise to win the “Green Ecology Media Award” under the Beijing Influence Award while BBMG Beishui Environmental Technology Co., Ltd. and became the first cement enterprise to receive the “China’s Environment Award”, a distinctive honor in the environmental protection field.

During the first half of 2017, Xuanhua BBMG Cement Co., Ltd. and Zhuolu Jinyu Cement Co., Ltd., both being subsidiaries of the Company, obtained official business permits for their hazardous wastes disposal projects, and became the first batch of cement enterprises of the Company with business permits outside Beijing. The hazardous waste disposal projects of Jidong Cement Yongji Co., Ltd., Lingchuan BBMG Cement Co., Ltd., Guangling Jinyu Cement Co., Ltd. and Quyang Jinyu Cement Co., Ltd. have obtained temporary business permit on hazardous wastes disposal and have commenced pilot operation. Meanwhile, the hazardous wastes disposal project of Chengde BBMG Cement Co., Ltd. and the household garbage disposal project of Handan BBMG Taihang Cement Co., Ltd. were completed while the household garbage and sludge disposal project of Zanhuang BBMG Cement Co., Ltd. and the construction wastes disposal project of BBMG Liushui Environmental Protection Technology Co., Ltd. were making good progress. The environmental assessment of the sludge disposal project of Baoding Taihang Heyi Cement Co., Ltd. has been approved.

4. Competitive Edge in Industry-Finance Integration: BBMG Finance Co., Ltd. and BBMG Finance Lease Co., Ltd. offer a new platform for the Company to enhance its 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 2017, the Company stepped up its effort in financing and optimized its debt structure, resulting in a net increase in external financing of RMB12.4 billion in the first half of the year. The Company also explored innovative financing models and launched its asset securitization business. After reorganization, the Company adopted innovative financial management models to regulate the fundamental financial work. BBMG Finance Co., Ltd. made rational deployment of its financing structure and was granted financing credit of RMB10 billion by financial institutions in the insurance sector. It also successfully obtained the qualification for the piloting of the extension of industrial chain to financing services. BBMG Finance Lease Co., Ltd. commenced operation with a focus on providing services for the Company's principal businesses, and the total loan granted amounted to RMB1.99 billion.

5. **Competitive Edge in Corporate Culture and Branding:** The Company continuously enriched and optimized BBMG's cultural system, which is comprised of the core values of "faith, respect and responsibility", the corporate spirits of "three emphasis and one endeavor", the development philosophy of "integration, communion, mutual benefit and prosperity", the human spirits of "eight specials", and the pragmatic working culture of "work with aspiration, competence, efficiency, success and prudence". Over the years, this corporate culture has encouraged all BBMG employees to break its way and continuously strive for new achievements through reform and development. "BBMG" has been consecutively honored as a well-known trademark in Beijing and ranked 69th on the list of the 2017 (14th) "China's 500 Most Valuable Brands". The superior brand awareness and prestige has provided strong intelligence support and created a sound cultural atmosphere for BBMG to achieve a new round of leap-forward development in full force.

POSSIBLE RISKS FACED BY THE COMPANY

1. Risks in Policies

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

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

2. Risks in Capital Operation

In 2017, the central bank will maintain a prudent monetary policy. The interest rate marketization revolution will be further accelerated. Since it is in the stage of rapid development, the Company will face certain level of financial pressures to maintain daily operations and meet the needs of future development.

Solution: The Company will enhance its management on finance and capital and improve the efficiency of the use of capital. It will also innovate our financing channels with a view to ensuring the safety and stability of the capital chain of the Company. Leveraging the advantages of the finance company and finance lease company, cash flow of the Company will be secured as a whole.

3. Risks in Market Competition

In 2016, the Company conducted a strategic restructuring with Jidong Development Group successfully, which has further improved the order of the regional market where the cement segment of the Company operates. However, as there is an excess of capacity in the region as a whole, the current demand and supply is still facing with imbalance and fierce price competition exists among enterprises, with concentration in need of further improvement, which constrains and impedes the profitability of the cement segment of the Company.

Solution: Adhering to the principal business of cement, the Company will improve the regional market integration to expand its regional market share. Meanwhile, the Company will intensify internal management and continue to boost its market competitiveness by accelerating transformation and upgrading, enhancing technology research and development and innovation, tweaking equipment and technologies, saving energy and reducing consumption and lowering production costs.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group's total assets amounted to RMB223,970.9 million, an increase of 7.5% from the beginning of the Reporting Period, which comprised total liabilities of RMB159,960.9 million, minority interests of RMB18,629.2 million and total equity attributable to the shareholders of the parent company of RMB45,380.8 million. As at 30 June 2017, total shareholders' equity amounted to RMB64,010.0 million, an increase of 1.7% from the beginning of the Reporting Period. As at 30 June 2017, the Group's net current assets were RMB26,004.5 million, an increase of RMB1,490.0 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 71.4%, an increase of 1.6 percentage points from the beginning of the Reporting Period.

As at 30 June 2017, the Group's cash and bank balances amounted to RMB22,781.8 million, a decrease of RMB5,228.5 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 2017, the Group's interest-bearing bank borrowings amounted to RMB62,305.4 million (as at 31 December 2016: RMB51,672.3 million) which bore fixed interest rates and were all denominated in Renminbi. Of these borrowings, approximately RMB38,222.5 million interest-bearing bank borrowings were due for repayment within one year, an increase of approximately RMB4,637.9 million from the beginning of the Reporting Period. Approximately RMB24,082.8 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB5,995.2 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, from the total credit facilities of RMB121,166 million granted by banks, the remaining credit facilities available were RMB53,854 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 2017, the Group had no future plans for material investments or capital assets.

The Company will formulate annual and monthly capital utilization plans according to the repayment arrangement for principal and interests of borrowings and bonds to be due in the future so as to allocate capital in a reasonable manner and ensure on-time repayment of interests and principal when they fall due.

The sources of capital for settling debts are mainly the cash flows generated from daily operating activities.

During the Reporting Period, in order to effectively safeguard the interests of bondholders and ensure the principal and interests of the bonds for the current period are settled as agreed, the Company has established a series of work mechanisms, including measures on opening designated account for proceeds and designated account for settlement of debts, setting up work teams which will be in charge of settlement, engaging bonds trustees and enhancing information disclosure. Those measures together will form a comprehensive system that can ensure the principal and interests of the bonds for the current period are settled as agreed.

As of the date of this announcement, no bonds interests of the Company for the current period had not been paid as scheduled, not been fully paid and was payable but yet to be paid.

ENVIRONMENTAL PROTECTION

During the Reporting Period, the Company conducted production and operation in strict compliance with the requirements under the national laws and regulations in respect of environmental protection. There was no breach of laws and regulations, liability for accidents and administrative penalty in relation to environmental protection that involved the company and its subsidiaries which were the key pollutant discharging units as announced by the environmental protection departments.

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 Company Limited (“**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 residential 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 gross 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 from the 2015 Proposed Placing were 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 2017, the Company had utilized the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing of RMB7,301,547,233.07 (including the use of idle proceeds of RMB10,150,000,000.00 as temporary replenishment of working capital, repayment of RMB8,549,860,000.00 to the designated account for proceeds with working capital, the actual use of RMB5,696,837,064.28 of the proceeds, intermediary fee paid of RMB4,504,100.00 and bank charges paid of RMB66,068.79), and obtained interest earned from depositing of RMB7,931,626.17. The balance of the proceeds was RMB127,124,382.86, 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 at 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 at 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 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 2017, 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 2017, 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 2017
1	Bank of Communications Co., Ltd., Beijing Municipal Branch	110060149018170182242	The Company	33,918,815.57
2	Industrial and Commercial Bank of China Limited, Beijing Hepingli Branch	0200203319020196563	The Company	11,424.06
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)	3,955,201.32
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)	1,723,115.88
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)	4,382.96
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)	6,172,657.13
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)	12,638,923.50
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)	13,625,860.16
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)	55,074,002.28
Total				<u>127,124,382.86</u>

The Company strictly followed the Management System of Proceeds when using the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing. The details of the actual use of proceeds as of 30 June 2017 were as follows:

Breakdown of Use of Proceeds as of 30 June 2017

Unit: RMB ten thousands

Total proceeds	749,504.00						Total proceeds used for investment during the period			88,982.87			
Change in use of gross proceeds	89,520.59						Total accumulated proceeds used for investment			569,683.71			
Proportion of change in use of gross proceeds	12%												
							Difference between accumulated investment amount and committed investment amount as of the end of the reporting period (3)=(2)-(1)	Investment progress as of the end of the reporting period (%) (4)=(2)/(1)					
Committed investment project	Changed project	Total committed investment from proceeds	Total investment after adjustment	Committed investment amount as of the end of the reporting period (1)	Investment amount during the reporting period	Accumulated investment amount as of the end of the reporting period (2)			Date of project ready for its intended use	Achieved results during the reporting period	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	8,785.42	63,590.49	(34,362.51)	64.92%	It is expected to be completed in December 2018 (Note 1)	-	-	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 2)	-	181,551.00	90,000.00	90,000.00	6,147.82	80,607.81	(9,392.19)	89.56%	It has been basically completed	-	-	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 3)	-	90,000.00	83,787.50	83,787.50	40,459.15	83,770.98	(16.52)	99.98%	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) (Note 4)	-	170,000.00	170,000.00	170,000.00	14,352.04	81,827.12	(88,172.88)	48.13%	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 5)	-	50,000.00	50,000.00	50,000.00	3,841.51	39,765.52	(10,234.48)	79.53%	It has been basically completed	-	-	No	-
Nanjing City Jianye District Xinglong Street North A2 project (南京市建邺區興隆大街北側A2項目)	-	100,000.00	100,000.00	100,000.00	15,396.94	70,601.21	(29,398.79)	70.60%	It is expected to be completed in April 2019	-	-	No	-
Replenishment of working capital	-	60,000.00	60,000.00	60,000.00	-	60,000.00	-	100.00%	-	-	-	No	-
Total	-	749,504.00	741,261.09	741,261.09	88,982.87	569,683.71	(171,577.38)	76.85%	-	-	-	-	-

Note 1: Engineering project of BBMG international logistics park was scheduled to be completed in December 2016. Since Beijing has launched a policy in relation to orderly shift of non-capital core functions and adjusted its overall planning upon approval of the proceeds-financed project, after consideration and approval at the eighteenth meeting of the fourth session of the Board, the eleventh meeting of the fourth session of the Supervisory Board and the 2016 annual general meeting of the Company and making announcement, the following adjustment will be made for the proceeds-financed project: BBMG international logistics park will enhance its position by proactively transforming into a more advanced and international park. The completion time of the project will be extended from the end of December 2016 to the end of December 2018.

Note 2: The difference between committed investment amount 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 RMB20,304,100, as well as the deduction of RMB895,205,900 from the change in proceeds-financed project. 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. The project has been basically completed, but is still required to settle the remaining balance in relation to certain construction, procurement and installation. As of the date of this announcement, the investment progress reached 91.95%.

Note 3: The difference between committed investment amount 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 RMB62,125,000.

Note 4: Chaoyang District, Dongba Dandian secondary residential and primary school project is expected to be completed in August 2017. The Company currently intends to convene a Board meeting to consider the subsequent use of balance of proceeds.

Note 5: BBMG Zhongbei Town residential project has been basically completed, but is still required to settle the remaining balance in relation to certain construction, procurement and installation. As of the date of this announcement, the investment progress reached 80.50%.

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

2013 Proposed Placing

1 Use of partial idle proceeds for 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 sixteenth meeting of the fourth session of the Board held by the Company on 29 March 2017, the Company agreed to use RMB400.0 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.

2 *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 fourth meeting of the fourth session of the Board held by the Company 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.

As of 22 March 2017, the Company had returned in full the proceeds of RMB900 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds and made an announcement accordingly.

The Company did not change any of the proceeds-financed projects during the Reporting Period. The Company has promptly, truly, accurately and fully disclosed the relevant information without any non-compliance in management of proceeds.

COMMITMENTS

Unit: RMB

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Contracted but not provided for		
Capital commitments	609,930,337.20	542,376,549.90
Property development contracts	<u>12,711,640,094.12</u>	<u>11,085,389,938.29</u>
	<u>13,321,570,431.32</u>	<u>11,627,766,488.19</u>

CONTINGENCIES

Unit: RMB

		As at 30 June 2017	As at 31 December 2016
Provision of guarantee on mortgage to third parties	Note 1	13,843,546,707.45	11,567,845,119.91
Provision of guarantee on loans and others to third parties	Note 2	<u>4,594,000,000.00</u>	<u>4,644,000,000.00</u>
		<u>18,437,546,707.45</u>	<u>16,211,845,119.91</u>

Note 1: Certain customers of the Group have purchased the commodity housing developed by the Group by way of bank mortgage (secured loans). According to the bank requirement in respect of the secured loans of the individual purchase of housing, the Group has provided guarantees to secure the periodical and joint obligation of such secured loans granted by banks for home buyers. These guarantees will be released upon obtaining building ownership certificates and completion of formalities of mortgage by the home buyers. The management is of the opinion that in the event of default in payments, the net realizable value of the relevant properties is sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

Note 2: As at 30 June 2017, Jidong Development Group, a subsidiary of the Group, provided guarantees on the borrowings of RMB2,220,000,000.00 and the borrowings of RMB2,374,000,000.00 for Tangshan Nanhu Eco-City Development and Construction Investment Co., Ltd. (唐山市南湖生態城開發建設投資有限責任公司) and Tangshan Construction Investment Co., Ltd. (唐山建設投資有限責任公司), respectively. The guarantees will expire on 21 May 2029 and 20 April 2018, respectively.

PLEDGE OF ASSETS

As at 30 June 2017, certain of the Group's inventories, fixed assets, investment properties, equity interest, intangible assets (land use rights) and bills receivable totaling RMB23,185.9 million (as at 31 December 2016: RMB24,050.9 million) were pledged to secure the short-term and long-term loans of the Group, which accounted for approximately 10.4% of the total assets of the Group (as at 31 December 2016: 11.5%).

EMPLOYEES

As at 30 June 2017, the Group had 49,779 employees in total (as at 31 December 2016: 49,721). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB1,556.9 million (for the six months ended 30 June 2016: RMB902.0 million), representing an increase of approximately 72.6%. As compared with the first half of 2016, the aggregate remuneration of employees recorded a significant increase, which was mainly attributable to the completion of the restructuring with Jidong Development Group in the second half of 2016. 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 exchange 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 exchange 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, 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 2017, the total issued share capital of the Company was 10,677,771,134 shares, of which 8,339,006,264 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 of interests 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 issued share capital (%)	Percentage of total issued share capital (%)
A Shares	北京國有資本經營管理中心 (Beijing SCOM Center) (Note 1)	Direct beneficial owner	4,797,357,572	57.53	44.93
	北京京國發股權投資基金 (有限合夥) (Beijing Jingguofa Equity Investment Fund (Limited Partnership)) (Note 2)	Interest of corporation controlled by the substantial shareholder	105,749,102	1.27	0.99
	State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality (Note 1)	Held by controlled corporation	4,903,106,674	58.80	45.92
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	175,651,992	7.51	1.65
H Shares	Sloane Robinson LLP	Investment manager	140,994,000 (Note 3)	6.03	1.32
H Shares	FMR LLC	Interest of corporation controlled by the substantial shareholder	135,990,624	5.81	1.27
H Shares	Fidelity Investment Trust	Beneficial owner	134,238,500	5.74	1.26

Note 1: The Beijing SCOM 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: The Beijing SCOM Center is interested in 105,749,102 A Shares of the Company through its 57.77% direct equity interest in 北京京國發股權投資基金(有限合夥) (Beijing Jingguofa Equity Investment Fund (Limited Partnership)).

Note 3: 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 had been calculated by the Company based on the latest filings made by the substantial shareholder as at 30 June 2017, and as appropriate, multiplied by two.

Short positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	1,340,000	0.06	0.01

Save as disclosed above, as at 30 June 2017, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

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

As at 30 June 2017, the interests or short positions of the Company's Directors, supervisors or chief executive 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 of interests maintained by the Company, 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	Director	Beneficial owner	63,000 Shares	A Shares	0.00%	0.00%
Wu Dong	Director	Beneficial owner	60,000 Shares	A Shares	0.00%	0.00%

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

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 2017, 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 2017. 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 2017.

CORPORATE GOVERNANCE CODE

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate governance. The Board continuously observes the principles of good corporate governance in the interests of Shareholders and devotes considerable effort identifying and formalizing the 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.

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 comprises four executive Directors, one non-executive Director and four independent non-executive Directors. It has a strong independence element in its composition.

The Board received a resignation letter from Mr. Zang Feng because he has reached the age of retirement in respect of his duty as an executive Director of the Company and a member of the Remuneration and Nomination Committee of the Company with effect from 27 June 2017. Upon the resignation of Mr. Zang Feng (who was elected democratically by the staff and workers of the Company as an executive Director), Mr. Guo Yanming was elected democratically by the employees of the Company as the non-executive Director with effect from 27 June 2017 as Mr. Guo Yanming has fulfilled the relevant requirements and his appointment as the non-executive Director is not subject to election at a general meeting. After the Reporting Period, at the 2017 first extraordinary general meeting held on 15 August 2017, Mr. Zeng Jin and Mr. Zheng Baojin were elected as the executive Directors with effect from 15 August 2017.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of one non-executive Director and four independent non-executive Directors. At the meeting convened on 29 August 2017, the Audit Committee had reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2017. The Audit Committee has considered the Group's internal audit report for the first half of 2017, reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2017 and recommended their adoption by the Board.

As at the date of this announcement, members of the Audit Committee are Mr. Guo Yanming (non-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.bbmj.com.cn/listco>). The 2017 interim financial report of the Company for the six months ended 30 June 2017 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 2017 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.bbmj.com.cn/listco>) around the same time as this interim results announcement.

By order of the Board
BBMJ Corporation*
Jiang Deyi
Chairman

Beijing, the PRC, 29 August 2017

As at the date of this announcement, the executive directors of the Company are Jiang Deyi, Zeng Jin, Wu Dong and Zheng Baojin; the non-executive director of the Company is Guo Yanming; and the independent non-executive directors of the Company are Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.

* For identification purposes only