北 京 金 隅 集 團 股 份 有 限 公 司

BBMG Corporation*

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

(Stock Code: 2009)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

- Operating revenue of RMB63,678.3 million, an increase of 33.4% from 2016
- Gross profit margin from principal business of 24.8%, an increase of 1.8 percentage points from 2016
- Net profit of RMB2,950.3 million, an increase of 9.7% from 2016
- Net profit attributable to the shareholders of the parent company of RMB2,836.7 million, an increase of 5.6% from 2016
- Core net profit attributable to the shareholders of the parent company (excluding the after tax net fair value gains on investment property) of RMB2,451.3 million, an increase of RMB212.2 million or 9.5% from 2016
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.27
- The Board proposed a final dividend of RMB0.48 per 10 shares (before tax) for the year ended 31 December 2017

* *For identification purposes only*

ANNUAL RESULTS

The board of directors (the "**Board**") of BBMG Corporation* (the "**Company**" or "**BBMG**") is pleased to present the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 (the "**Reporting Period**") together with the comparative figures for the year of 2016. These results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB2,836.7 million, representing an increase of approximately 5.6% over the last year; basic earnings per share was approximately RMB0.27 (for the year ended 31 December 2016: RMB0.25), representing an increase of approximately 8.0% over the last year; total equity attributable to the shareholders of the parent company was approximately RMB51,162.8 million as at the end of the Reporting Period, representing an increase of approximately RMB6,962.4 million from the beginning of the Reporting Period; and net asset value per share attributable to the shareholders of the parent company as at the end of the Reporting Period was approximately RMB4.79, representing an increase of approximately RMB0.65 from the beginning of the Reporting Period.

DIVIDEND

The Board recommended a final dividend of RMB0.48 per 10 shares (before tax) for the Reporting Period (for the year ended 31 December 2016: RMB0.46 per 10 shares (before tax)), subject to approval by the shareholders at the forthcoming annual general meeting to be held on 24 May 2018 (Thursday) (the "**AGM**").

Subject to and upon the approval of the shareholders at the forthcoming AGM, the final dividend for the Reporting Period is expected to be distributed on or around 24 July 2018 (Tuesday) to the holders of H shares (the "**H Shares**") whose names appear on the register of members on 7 June 2018 (Thursday) (the "**Record Date**"). According to the Law on Enterprise Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders whose names appear on the Company's H share register of members. Any H Shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, shall be deemed as shares held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the enterprise income tax. The Company will not withhold individual income tax in respect of the dividends payable to any natural person shareholders whose names appear on the Company's H share register of members on the Record Date.

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

Profit Distribution for Investors of Northbound Trading

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

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

Profit Distribution for Investors of Southbound Trading

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

The cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB.

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

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

CONSOLIDATED INCOME STATEMENT

Unit: RMB

	Notes	**For the year ended 31 December 2017 Audited**	For the year ended 31 December 2016 Audited
Operating revenue	*5*	**63,678,330,931.54**	47,738,772,726.96
Less: Operating costs	*6*	**47,635,012,016.74**	36,542,047,502.53
Tax and surcharges		**1,840,188,001.03**	1,570,844,106.31
Selling expenses	*7*	**2,607,289,133.93**	1,854,235,365.55
Administrative expenses	*8*	**6,225,624,061.98**	3,807,863,279.50
Finance costs	*9*	**2,675,587,642.88**	1,603,501,301.02
Asset impairment losses		**535,024,339.55**	414,983,653.40
Add: Gains from changes in fair value		**721,380,105.57**	592,679,140.75
Investment gains		**336,837,296.54**	641,527,977.78
Including: Share of gains of associates and joint ventures		***188,732,130.32***	*108,900,509.77*
Gains on disposal of assets		**65,845,881.95**	88,683,394.98
Other gains		**689,837,617.01**	–
Operating profit		**3,973,506,636.50**	3,268,188,032.16
Add: Non-operating revenue	*5*	**500,608,948.73**	788,149,012.48
Less: Non-operating expenses	*6*	**416,971,876.24**	379,805,571.12
Total profit		**4,057,143,708.99**	3,676,531,473.52
Less: Income tax expenses	*10*	**1,106,794,986.53**	986,183,712.30
Net profit		**2,950,348,722.46**	2,690,347,761.22
Classified by operating continuity			
Net profit from continuing operations		**2,950,348,722.46**	2,690,347,761.22
Net profit from discontinued operations		**–**	–
Classified by attribution of ownership			
Net profit attributable to the shareholders of the parent company		**2,836,664,933.59**	2,686,653,868.20
Minority interests		**113,683,788.87**	3,693,893.02

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Unit: RMB

	Notes	**For the year ended 31 December 2017 Audited**	For the year ended 31 December 2016 Audited
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 or net assets of defined benefit plans		**41,897,925.00**	23,664,304.00
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		**(9,930,872.94)**	7,393,864.80
Changes in fair value of available-for-sale financial assets		**(2,550,691.68)**	5,906,864.93
Share of investee's other comprehensive income to be reclassified into profit or loss under the equity method		**3,148,459.03**	(20,888.22)
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)**	(11,151,793.59)
Net other comprehensive income after deducting impact of income tax		**22,370,457.67**	25,792,351.92
Net other comprehensive income after tax attributable to minority interests		**1,322,633.85**	39,712,599.72
Total comprehensive income		**2,974,041,813.98**	2,755,852,712.86
Including: Total comprehensive income attributable to the shareholders of the parent company		***2,859,035,391.26***	*2,712,446,220.12*
Total comprehensive income attributable to minority interests		***115,006,422.72***	*43,406,492.74*
Earnings per share	*11*		
Basic earnings per share (RMB/share)		**0.27**	0.25
Diluted earnings per share (RMB/share)		**0.27**	0.25

CONSOLIDATED BALANCE SHEET

Unit: RMB

	Note	**As at 31 December 2017 Audited**	As at 31 December 2016 Audited
Assets			
Current Assets			
Cash and bank balances		**17,903,847,144.72**	28,010,211,147.53
Financial assets at fair value through profit or loss		**46,226,108.99**	615,807,328.90
Bills receivable		**8,181,663,835.79**	3,857,028,994.07
Accounts receivable	*13*	**7,686,182,058.93**	8,889,912,604.49
Prepayments		**1,792,354,290.47**	4,968,682,354.70
Interests receivable		**1,284,128.69**	11,652,789.72
Dividends receivable		**10,071,936.52**	3,071,700.00
Other receivables		**5,879,068,734.08**	6,129,310,409.74
Inventories		**98,649,716,753.63**	64,111,234,886.21
Other current assets		**3,438,847,412.19**	2,881,813,184.06
Total current assets		**143,589,262,404.01**	119,478,725,399.42
Non-current assets			
Available-for-sale financial assets		**2,897,887,864.39**	2,498,348,403.92
Long-term receivables		**485,377,872.64**	207,709,788.90
Long-term equity investments		**2,174,939,257.51**	2,233,650,974.77
Investment properties		**15,440,453,467.02**	14,976,628,345.79
Fixed assets		**45,895,321,483.24**	45,773,283,593.75
Construction in progress		**2,871,490,458.74**	3,963,622,127.52
Construction materials		**109,571,966.37**	313,968,043.93
Intangible assets		**10,857,085,997.78**	11,350,165,626.93
Goodwill		**2,740,287,649.80**	2,749,770,521.44
Long-term deferred expenditures		**1,134,362,027.11**	960,198,551.90
Deferred income tax assets		**2,952,009,690.68**	2,695,681,312.01
Other non-current assets		**1,059,431,952.41**	1,195,364,185.45
Total non-current assets		**88,618,219,687.69**	88,918,391,476.31
Total assets		**232,207,482,091.70**	208,397,116,875.73

CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	Notes	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*14*	**34,375,200,000.00**	32,027,734,141.83
Bills payable		**1,457,987,393.20**	2,313,321,400.81
Accounts payable	*15*	**15,747,091,122.08**	12,311,643,681.22
Receipts in advance		**27,340,492,780.84**	23,462,497,764.75
Wages payable		**365,587,130.76**	400,092,413.18
Tax payable		**1,769,260,167.61**	1,829,789,141.33
Interests payable		**858,108,769.82**	799,032,866.63
Dividends payable		**190,801,504.66**	202,581,371.25
Other payables		**8,026,337,535.37**	5,980,694,327.60
Non-current liabilities due within one year		**11,491,439,775.59**	6,897,420,505.71
Short-term financing bonds	*16*	**2,769,698,081.12**	3,000,000,000.00
Other current liabilities		**6,042,357,010.03**	5,739,382,129.82
Total current liabilities		**110,434,361,271.08**	94,964,189,744.13
Non-current liabilities			
Long-term loans	*17*	**25,671,030,000.00**	18,087,685,000.00
Bonds payable	*16*	**18,154,840,828.51**	21,279,396,543.45
Long-term payables		**920,769,354.18**	3,740,891,436.82
Long-term wages payable		**654,032,290.50**	722,768,832.46
Accrued liabilities		**464,935,400.17**	371,279,348.97
Deferred income tax liabilities		**4,473,726,257.58**	4,800,870,600.03
Deferred income		**855,519,940.14**	860,067,751,75
Other non-current liabilities		**660,456,831.52**	660,456,831.52
Total non-current liabilities		**51,855,310,902.60**	50,523,416,345,00
Total liabilities		**162,289,672,173.68**	145,487,606,089.13

CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	As at 31 December 2017 Audited	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	**9,972,000,000.00**	4,982,000,000.00
Capital reserve	**5,820,202,037.98**	5,865,195,783.46
Other comprehensive income	**254,210,159.32**	231,839,701.65
Specific reserve	**12,989,928.59**	8,655,529.41
Surplus reserve	**1,368,019,010.35**	1,276,866,688.51
General risk reserve	**299,478,851.25**	178,039,195.99
Retained earnings	**22,758,176,658.95**	20,980,120,619.08
Total equity attributable to the shareholders of the parent company	**51,162,847,780.44**	44,200,488,652.10
Minority interests	**18,754,962,137.58**	18,709,022,134.50
Total equity attributable to shareholders	**69,917,809,918.02**	62,909,510,786.60
Total liabilities and equity attributable to shareholders	**232,207,482,091.70**	208,397,116,875.73

NOTES:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued and amended subsequently (collectively referred to as "**Accounting Standards for Business Enterprises**").

The financial statements are presented on a going concern basis.

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

2. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES

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

Change in accounting policies

Change in Presentation of Gains or Losses on Disposal of Assets

Pursuant to the requirements of the Notice of the Ministry of Finance on the Revision of Format of Publication of General Financial Statement of Business Enterprises (《財政部關於修訂印發一般企業財務報表格式的通知》) (Cai Kuai [2017] No. 30), the Group shall present the item of "gains on disposal of assets" separately above the item of "operating profit" in the income statement. For gains or losses on disposal of certain non-current assets which was originally presented in "non-operating revenue" and "non-operating expenses", the item shall be presented in "gains on disposal of assets" instead; the Group has restated the respective comparative amount in the income statement retrospectively. This change in accounting policy has had no impact on both the consolidated and the Company's net profit.

Change in Presentation of Government Grants

Pursuant to the requirements of the Notice concerning the Issuance of Amendments to "the Accounting Standards for Business Enterprises No. 16 – Government Grants" (《關於印發修訂〈企業會計準則第16號—政府補助〉的通知》) (Cai Kuai [2017] No. 15), the Group has separately presented the item of "other gains" above the item of "operating profit" in the income statement, and government grants related to daily corporate activities have been presented in "other gains" rather than "non-operating revenue"; in accordance with the transitional requirements of the standards, the Group has applied the prospective application method for the government grants existed before 1 January 2017 and has adjusted additional government grants received between 1 January 2017 and the date of implementation of the standards (i.e. 12 June 2017) in accordance with the standards. Items presented under "other gains", "operating profit" and "non-operating revenue" in 2017 are different from those in 2016, however, it has had no impact on both the consolidated and the Company's net profit for 2017 and 2016.

Change in Presentation of Discontinued Operations

Pursuant to the requirements of the Notice concerning the Issuance of "the Accounting Standards for Business Enterprises No. 42 – Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations" (《關於印發〈企業會計準則第42號—持有待售的非流動資產、處置組和終止經營〉的通知》) (Cai Kuai [2017] No.13), the Group has added the items of "net profit from continuing operations" and "net profit from discontinued operations" under the item of "net profit" in the income statement, which have been presented respectively as profit or loss from continued operations and profit or loss from discontinued operations; in accordance with the transitional requirements of the standards, the Group has applied the prospective application method for the discontinued operations existed on 28 May 2017. Items under net profit as classified by operation continuity in the income statement in 2017 are different from those in 2016, however, it has had no impact on the consolidated and the Company's net profit and shareholders' equity.

3. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements are prepared in accordance with the requirements of Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2017 and their financial performance and cash flows for 2017.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the segment profits reported. 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 segment liabilities exclude unallocated assets and liabilities of the headquarters as these assets and liabilities are under the unified management of the Group.

Pricing for transfer between operating segments is agreed upon by both parties of transactions with reference to the fair price quoted from transactions with third parties.

Unit: RMB

For the year ended 31 December 2017

	Cement and Ready-mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/ Expenses	Elimination on Consolidation	Total
Revenues from external transactions	28,960,330,461.88	14,921,162,158.63	16,163,520,138.61	3,633,318,172.42	-	-	63,678,330,931.54
Revenues from inter-segment transactions	2,530,719,008.29	258,772,457.05	-	210,487,993.80	-	(2,999,979,459.14)	-
	31,491,049,470.17	15,179,934,615.68	16,163,520,138.61	3,843,806,166.22	-	(2,999,979,459.14)	63,678,330,931.54
Gains/(losses) on investment in joint ventures and associates	198,686,654.60	(5,934,613.03)	1,861.94	(4,021,773.19)	-	-	188,732,130.32
Losses from impairment of assets	308,673,492.20	68,694,515.13	12,262,784.54	145,393,547.68	-	-	535,024,339.55
Depreciation and amortisation	3,742,859,665.01	144,043,150.24	68,403,473.56	319,727,459.38	10,249,414.70	-	4,285,283,162.89
Total profits	1,028,121,249.82	(22,468,487.35)	1,686,445,546.34	2,858,020,732.02	(1,029,768,053.60)	(463,207,278.24)	4,057,143,708.99
Income tax expense	394,643,879.73	23,027,402.61	415,053,592.11	647,313,945.04	(257,442,013.40)	(115,801,819.56)	1,106,794,986.53
Total assets	82,843,342,233.04	11,412,616,717.32	111,783,957,010.86	59,891,492,481.98	1,696,827,136.68	(35,420,753,488.18)	232,207,482,091.70
Total liabilities	53,862,201,289.69	7,329,085,418.67	98,459,852,618.77	21,054,295,769.25	19,423,351,973.64	(37,839,114,896.34)	162,289,672,173.68
Other disclosure							
Long-term equity investment in joint ventures and associates	1,739,696,385.53	203,678,337.47	4,991,835.01	226,572,699.50	-	-	2,174,939,257.51
Increase in other non-current assets (excluding long-term equity investments)	3,054,251,210.69	685,890,418.34	136,804,842.40	571,188,240.45	-	-	4,448,134,711.88

For the year ended 31 December 2016

	Cement and Ready-mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/ Expenses	Elimination on Consolidation	Total
Revenues from external transactions	14,705,759,944.32	11,095,398,403.12	18,588,395,723.41	3,349,218,656.11	–	–	47,738,772,726.96
Revenues from inter-segment transactions	946,783,142.67	212,718,293.58	–	293,832,921.27	–	(1,453,334,357.52)	–
	15,652,543,086.99	11,308,116,696.70	18,588,395,723.41	3,643,051,577.38	–	(1,453,334,357.52)	47,738,772,726.96
Gains/(losses) on investment in joint ventures and associates	53,234,045.81	59,434,758.78	(74,591.85)	(3,693,702.97)	–	–	108,900,509.77
Losses from impairment of assets	240,831,159.97	82,217,653.08	54,236,941.96	37,697,898.39	–	–	414,983,653.40
Depreciation and amortisation	1,829,992,267.01	117,345,858.90	36,051,207.22	168,107,607.34	25,333,873.28	–	2,176,830,813.75
Total profits	134,335,111.92	(76,608,993.77)	2,804,742,928.60	1,541,778,080.15	(925,471,634.07)	197,755,980.69	3,676,531,473.52
Income tax expense	43,581,480.34	(35,646,449.65)	796,117,518.69	364,060,076.27	(231,367,908.52)	49,438,995.17	986,183,712.30
Total assets	84,607,076,651.95	10,970,298,654.19	82,995,068,773.37	42,667,148,795.67	2,162,814,877.17	(15,005,290,876.62)	208,397,116,875.73
Total liabilities	54,731,925,320.13	6,988,635,513.84	69,956,801,672.73	16,138,839,076.17	17,338,719,991.29	(19,667,315,485.03)	145,487,606,089.13
Other disclosure:							
Long-term equity investment in joint ventures and associates	1,693,192,254.83	310,759,943.36	4,989,973.07	224,708,803.51	–	–	2,233,650,974.77
Increase in other non-current assets (excluding long-term equity investments)	38,445,163,519.21	846,435,426.09	39,037,415.98	3,081,229,777.41	–	–	42,411,866,138.69

Geographical information

Unit: RMB

Operating revenue

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
the People's Republic of China (the "**PRC**")	**63,357,180,074.63**	47,458,011,672.36
Singapore	**136,001,645.17**	193,372,366.17
South Africa	**2,301,764.59**	39,103,474.03
the United States	**3,677,722.20**	13,025,400.00
India	**36,334,628.86**	11,755,126.80
Korea	**12,058,379.10**	922,936.83
Japan	**130,144,301.36**	12,752.56
Other countries or regions	**632,415.63**	22,568,998.21
	63,678,330,931.54	47,738,772,726.96

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 year ended 31 December 2017, no operating revenue from any one single customer of the Group accounted for more than 10% of the Group's revenue (for the year ended 31 December 2016: Nil).

5. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Operating revenue from principal business	**62,646,084,271.12**	46,793,384,648.28
Operating revenue from other business	**1,032,246,660.42**	945,388,078.68
	63,678,330,931.54	47,738,772,726.96

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Sale of products	**32,148,187,255.64**	17,122,472,271.65
Bulk commodity trade	**8,943,201,342.95**	6,817,904,203.52
Sale of properties	**16,151,135,156.01**	18,425,608,161.24
Rental income	**1,404,610,174.93**	1,352,901,012.50
Including: Rental income from investment properties	***1,187,090,427.20***	*1,213,476,530.18*
Other rental income	***217,519,747.73***	*139,424,482.32*
Property management	**857,584,626.14**	773,695,358.11
Hotel management	**418,399,427.21**	406,329,907.00
Income from decoration	**876,910,392.65**	820,021,019.71
Disposal of solid waste	**629,074,388.58**	528,251,017.41
Revenue from services	**180,797,908.00**	222,300,326.50
Others	**2,068,430,259.43**	1,269,289,449.32
	63,678,330,931.54	47,738,772,726.96

Operating revenue from principal operations by product:

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Sale of products	**32,148,187,255.64**	17,122,472,271.65
Bulk commodity trade	**8,943,201,342.95**	6,817,904,203.52
Sale of properties	**16,151,135,156.01**	18,425,608,161.24
Rental income from investment properties	**1,187,090,427.20**	1,213,476,530.18
Property management	**857,584,626.14**	773,695,358.11
Hotel management	**418,399,427.21**	406,329,907.00
Income from decoration	**876,910,392.65**	820,021,019.71
Disposal of solid waste	**629,074,388.58**	528,251,017.41
Others	**1,434,501,254.74**	685,626,179.46
	62,646,084,271.12	46,793,384,648.28

Non-operating revenue is presented as follows:

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Gains from debt restructuring	**10,852,933.95**	12,467,529.14
Net income from fines	**37,135,728.16**	26,353,620.54
Government grants not related to daily activities	**359,044,197.95**	596,050,569.52
Unpayable amounts	**11,722,548.61**	25,573,605.02
Others	**81,853,540.06**	127,703,688.26
	500,608,948.73	788,149,012.48

6. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating costs are presented as follows:

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Operating costs from principal business	**47,112,576,141.08**	36,034,558,111.26
Operating costs from other business	**522,435,875.66**	507,489,391.27
	47,635,012,016.74	36,542,047,502.53

Operating costs from principal operations by product:

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Sale of products	**23,558,934,647.27**	13,723,306,660.79
Bulk commodity trade	**8,695,042,768.92**	6,762,104,377.80
Sale of properties	**12,048,874,890.57**	13,343,215,622.90
Rental income from investment properties	**109,529,937.78**	112,437,976.68
Property management	**580,741,718.92**	560,836,862.91
Hotel management	**214,605,377.06**	206,625,706.00
Income from decoration	**769,944,690.80**	756,494,489.75
Disposal of solid waste	**389,739,776.16**	340,783,269.17
Others	**745,162,333.60**	228,753,145.26
	47,112,576,141.08	36,034,558,111.26

Non-operating expenses are presented as follows:

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Losses on disposal of non-current assets	**252,280,038.03**	207,632,869.20
Including: Losses on disposal of fixed assets	**22,330,040.45**	*40,731,692.91*
Loss on disposal of intangible assets	**229,949,997.58**	*97,543,056.66*
Loss on disposal of construction in progress	**–**	*54,667,818.32*
Others	**–**	*14,690,301.31*
Abnormal losses	**445,699.76**	3,132,899.19
Losses on debt restructuring	**50,000.00**	–
Expenses on charity donation	**8,155,715.50**	533,347.02
Losses on compensation, penalties and fines	**53,072,070.71**	15,678,952.77
Other expenses	**102,968,352.24**	152,827,502.94
	416,971,876.24	379,805,571.12

7. SELLING EXPENSES

Unit: RMB

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Employee remuneration	**761,817,038.84**	535,015,675.80
Transportation expenses	**725,398,925.52**	439,203,005.47
Advertisement fee	**365,219,880.75**	305,005,270.87
Agency intermediary fee	**359,321,173.20**	280,570,752.86
Office and service expenses	**215,120,459.17**	152,850,427.70
Lease fee	**143,667,982.72**	114,546,454.76
Others	**36,743,673.73**	27,043,778.09
	2,607,289,133.93	1,854,235,365.55

8. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Employee remuneration	**2,511,285,247.57**	1,673,112,550.97
Office expenses	**1,020,506,232.33**	611,596,899.07
Loss on shut down	**670,523,582.94**	313,991,922.70
Lease and utilities	**240,251,650.68**	150,918,086.80
Intermediary service fees	**224,246,753.28**	162,079,101.65
Sewage and afforestation fees	**135,165,014.79**	76,749,119.15
R&D expenses	**117,384,930.75**	108,510,227.76
Tax	**24,347,527.00**	97,655,970.52
Others	**1,281,913,122.64**	613,249,400.88
	6,225,624,061.98	3,807,863,279.50

The above-mentioned administrative expenses included the auditor's remuneration to Ernst & Young Hua Ming LLP for the audit of the annual reports of the Company and its subsidiaries of RMB16,000,000.00 (for the year ended 31 December 2016: RMB16,000,000.00).

9. FINANCE COSTS

Unit: RMB

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Interest expense	**4,546,192,368.40**	2,887,205,417.73
Including: Interests on bank loans and other loans to be fully repaid within 5 years	***4,536,462,880.73***	*1,559,079,410.99*
Interests on bank loans and other loans to be repaid over 5 years	***9,729,487.67***	*8,854,551.00*
Less: Interest income	**(674,116,887.62)**	(232,287,018.39)
Less: Amount of interest capitalized *(Note)*	**(1,404,695,772.42)**	(1,206,241,534.26)
Exchange gains	**(29,384,560.62)**	(45,422,187.86)
Handling charges	**92,781,942.67**	106,905,239.45
Others	**144,810,552.47**	93,341,384.35
	2,675,587,642.88	1,603,501,301.02

Note: The amount of capitalized interest has been included in construction in progress of RMB86,331,737.21 and costs for properties under development of RMB1,318,364,035.21 (for the year ended 31 December 2016: the amount of capitalised interest included in the balances of construction in progress of RMB29,496,755.26 and costs of properties under development of RMB1,176,744,779.00), and the capitalized interest rate was 4.62% (31 December 2016: 5.29%).

10. INCOME TAX EXPENSE

Unit: RMB

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Current income tax expense	**1,698,313,080.37**	1,350,980,270.05
Deferred income tax expense	**(591,518,093.84)**	(364,796,557.75)
	1,106,794,986.53	986,183,712.30

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

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Total profit	**4,057,143,708.99**	3,676,531,473.52
Income tax expense at the statutory income tax rate of 25% *(Note 1)*	**1,014,285,927.25**	919,132,868.38
Tax effect of different tax rates of some subsidiaries	**(37,926,359.22)**	(2,402,312.20)
Share of profits and losses of joint ventures and associates *(Note 2)*	**(59,108,920.95)**	(32,799,719.25)
Income not subject to tax	**–**	(137,676.06)
Expenses not deductible	**20,913,677.14**	4,866,743.18
Deductible temporary differences and deductible losses utilized from previous years	**(209,474,276.14)**	(200,560,069.41)
Adjustments on the current income tax of previous periods	**(90,081,126.17)**	(14,643,561.75)
Deductible temporary difference and deductible losses not recognized	**468,186,064.62**	312,727,439.41
	1,106,794,986.53	986,183,712.30

Note 1: Income tax of the Group shall be calculated based on the estimated taxable income from Mainland 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: The share of taxes attributable to joint ventures and associates for 2017 were RMB41,728,422.96 and RMB5,738,197.31 respectively (for the year ended 31 December 2016: RMB10,746,301.13 and RMB5,809,822.61 respectively).

11. EARNINGS PER SHARE

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

The calculation of basic earnings per share is as follows:

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company *(RMB)*	**2,836,664,933.59**	2,686,653,868.20
Shares		
Weighted average number of ordinary shares in issue of the Company	**10,677,771,134**	10,677,771,134
Basic earnings per share	**0.27**	0.25

The Company did not have potentially dilutive ordinary shares.

12. DIVIDEND

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2016 RMB'000
Proposed final dividend – RMB0.48 per 10 ordinary shares before tax (for the year ended 31 December 2016: RMB0.46 per 10 shares before tax)	**512,533**	491,177

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

13. ACCOUNTS RECEIVABLE

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

Unit: RMB

	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Within 1 year	**5,594,236,704.72**	6,894,980,054.45
1 to 2 years	**1,893,391,337.30**	2,129,770,460.66
2 to 3 years	**998,531,700.06**	953,036,198.04
3 to 4 years	**667,986,707.04**	469,194,740.39
4 to 5 years	**387,965,394.02**	294,129,504.80
Over 5 years	**564,790,562.46**	399,677,696.18
	10,106,902,405.60	11,140,788,654.52
Less: Provision for bad debt of accounts receivable	**2,420,720,346.67**	2,250,876,050.03
	7,686,182,058.93	8,889,912,604.49

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

	For the year ended 31 December 2017 Audited	For the year ended 31 December 2016 Audited
Opening balance for the year	**2,250,876,050.03**	505,467,859.38
Provision for the year	**550,190,679.03**	284,726,525.58
Transfer in on acquisition of subsidiaries	**42,894.45**	1,714,725,707.39
Reversal for the year	**(355,573,980.57)**	(232,156,263.77)
Write-off for the year	**(24,815,296.27)**	(7,541,648.07)
Transfer out on disposal of subsidiaries	**–**	(14,346,130.48)
Closing balance at the end of the year	**2,420,720,346.67**	2,250,876,050.03

14. SHORT-TERM LOANS

Unit: RMB

	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Guaranteed loans *(Note 1)*	**1,840,000,000.00**	1,321,700,000.00
Credit loans	**32,029,900,000.00**	29,927,226,954.83
Mortgaged loans	**–**	23,000,000.00
Pledged loans *(Note 2)*	**505,300,000.00**	755,807,187.00
	34,375,200,000.00	32,027,734,141.83

Note 1: As at 31 December 2017, guaranteed loans of RMB270,000,000.00 were guaranteed by Mingsheng Bank (Tangshan Branch) and the remaining part was guaranteed by entities within the Group.

Note 2: As at 31 December 2017, pledged loans of the Group included pledged loans of RMB500,000,000.00 secured by equity interests with a carrying amount of RMB269,299,741.71 and loans of RMB5,300,000.00 by discounting the bills receivable of the Group's subsidiaries.

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

As at 31 December 2017, the Group had no overdue borrowings.

15. ACCOUNTS PAYABLE

Accounts payable bear no interest and are generally settled within 90 days. An aging analysis of accounts payable based on the invoice date is as follows:

Unit: RMB

	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Within 1 year	**13,414,142,024.97**	9,780,749,251.40
1 to 2 years	**1,199,775,599.39**	1,505,470,010.48
2 to 3 years	**551,774,237.03**	425,198,933.54
Over 3 years	**581,399,260.69**	600,225,485.80
	15,747,091,122.08	12,311,643,681.22

16. SHORT-TERM FINANCING BONDS AND BONDS PAYABLE

Unit: RMB

	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Corporate bonds	**15,230,995,736.64**	11,880,492,387.25
Medium-term notes	**5,000,000,000.00**	7,000,000,000.00
Private placement bonds	**5,798,475,000.00**	6,794,086,497.21
Debt financing plan	**500,000,000.00**	–
Closing balance as at the end of the year	**26,529,470,736.64**	25,674,578,884.46
Including: Bonds payable due within one year	***8,374,629,908.13***	*4,395,182,341.01*
Non-current portion	**18,154,840,828.51**	21,279,396,543.45
Analysis of maturity of bonds payable:		
Within 1 year (inclusive of 1 year)	**8,374,629,908.13**	4,395,182,341.01
1 to 2 years (inclusive of 2 years)	**9,420,108,004.27**	9,865,164,155.24
2 to 5 years (inclusive of 5 years)	**8,734,732,824.24**	8,826,521,280.97
Over 5 years	**–**	2,587,711,107.24
	26,529,470,736.64	25,674,578,884.46
Current portion:		
Short-term financing bonds	**2,769,698,081.12**	3,000,000,000.00

As at 31 December 2017, 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) Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP219 issued by the China Securities Regulatory Commission, the Company issued its first tranche of super short term 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 super short term 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 China Securities Regulatory Commission, 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 fully repaid during the previous year.

(6) 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 5 years and a coupon rate of 3.12%. Bond holders may exercise their sale back rights on 14 March 2019; 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 7 years and a coupon rate of 3.5%. Bond holders may exercise their sale back rights on 14 March 2021.

(7) Upon consideration and approval by the 17th meeting of the 3rd session of the Board held on 26 March 2015 and the 2014 annual general meeting of the Company held on 27 May 2015, 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%;

(8) Jidong Development Group Co., Ltd. ("**Jidong Group**") obtained the 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%.

(9) Pursuant to the document (Fa Gai Cai Jin [2012] No. 2810) issued by National Development and Reform Commission, Jidong Group issued the first tranche of corporate bonds for 2012 on 13 September 2012 ("12 Jidong Development Bond"), totaling RMB800,000,000 with a term of 7 years and a coupon rate of 6.3%.

(10) 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 non-public placement debt financing instruments 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 non-public placement debt financing instruments 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.

(11) 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%.

(12) 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 Tangshan Jidong Cement Co., Ltd. for 2007 of RMB600,000,000 with a term of 10 years and a coupon rate of 5.49% on 1 August 2007.

(13) 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 total sale back amount as announced on 17 March 2017 is RMB481,305,000.00 (exclusive of interests) with the remaining amount of RMB414,721,980.26 (exclusive of interests) due on 20 March 2020.

(14) 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.

(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 super short-term 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 debt financing instruments ("Private Placement Bond") of Jidong 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%. Bond holders may exercise their sale back rights on 19 May 2020; 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%. Bond holders may exercise their sale back rights on 19 May 2022.

(18) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type one) of BBMG Corporation for 2017 on the Shanghai Stock Exchange to qualified investors by way of non-public issuance from 13 July 2017, totaling RMB1,250,000,000 with a term of not more than 3 years, of which the issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the second year during the term of the bonds. The bonds bear an annual coupon rate of 5.20% and adopt simple interest for accrual of annual interest; no compound interest will be accrued.

(19) Pursuant to the relevant requirements for bonds listing on the Shanghai Stock Exchange, the Company issued the first tranche of corporate bonds (type two) of BBMG Corporation for 2017 on the Shanghai Stock Exchange to qualified investors by way of non-public issuance from 13 July 2017, totaling RMB1,750,000,000 with a term of not more than 5 years, of which the issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the third year during the term of the bonds. The bonds bear an annual interest rate of 5.30% and adopt simple interest for accrual of annual interest; no compound interest will be accrued.

(20) Upon consideration and approval by the 18th meeting of the 4th session of the Board held on 26 April 2017 and the 2016 annual general meeting of the Company held on 17 May 2017, and pursuant to the document Debt Financing Plan [2017] No. 0192 issued by Beijing Financial Assets Exchange Limited, the Company successfully issued the first tranche of debt financing plan for 2017 on 17 November 2017 for a term of 2+3 years. The interest commencement date was 17 November 2017 and the expiry date will be 17 November 2022. The actual listing amount totaled RMB500,000,000 with a coupon rate of 5.50%. The interests are calculated at fixed rate and allocated based on actual number of days.

(21) Upon consideration and approval by the 13th meeting of the 7th session of the Board held on 13 December 2015 and the 2015 second extraordinary general meeting of the Company held on 30 December 2015, and pursuant to the No-Objection Letter Regarding the Compliance with Transfer Conditions of Shenzhen Stock Exchange by the Non-Public Issuance of Corporate Bonds for 2016 of Tangshan Jidong Cement Co., Ltd. (Shen Zheng Han [2016] No. 471) (《關於唐山冀東水泥股份有限公司 2016 年非公開發行公司債券符合深交所轉讓條件的無異議函》(深證函[2016]471號)) issued by the Shenzhen Stock Exchange, Jidong Cement, a subsidiary of the Group, issued the first tranche of corporate bonds by way of non-public issuance on 30 June 2017 with a term of 3 years, of which the issuer has an option to adjust the coupon rate and the investors have a sell back option at the end of the second year. The interest commencement date was 30 June 2017 and the actual amount issued totaled RMB500,000,000. The bonds bear an interest rate of 5.98%.

(22) 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%.

(23) 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 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.

(24) Upon consideration and approval by the 16th meeting of the 4th session of the Board held on 29 March 2017 and the 2016 annual general meeting of the Company held on 17 May 2017, and pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. SCP300)(《接受註冊通知書》(中市協注[2017]SCP300號)) issued by the National Association of Financial Market Institutional Investors, the Company successfully issued the third tranche of super short term financing bonds for 2017 on 28 September 2017 for a term of 270 days. The interest commencement date was 29 September 2017 and the actual amount issued totaled RMB2,000,000,000 with a coupon rate of 4.90%. As of 31 December 2017, BBMG Finance Co., Ltd., a subsidiary of the Group, held the remaining balance of the bond of RMB 30 million, which was deemed as repaid amount.

17. LONG-TERM LOANS

Unit: RMB

	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Mortgaged loans	**6,704,237,997.00**	7,212,507,602.00
Guaranteed loans	**6,507,360,000.00**	4,389,480,000.00
Credit loans	**11,921,470,000.00**	5,042,565,000.00
Pledged loans	**2,940,000,000.00**	3,000,000,000.00
Closing balance	**28,073,067,997.00**	19,644,552,602.00
Less: Long-term loans due within one year	***2,402,037,997.00***	*1,556,867,602.00*
Non-current portion	**25,671,030,000.00**	18,087,685,000.00

	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Analysis of maturity of long-term loans as at the balance sheet date:		
Current or within one year	**2,402,037,997.00**	1,556,867,602.00
Over one year but not more than two years	**5,347,800,000.00**	3,431,720,000.00
Over two years but not more than five years	**13,803,760,000.00**	6,484,365,000.00
Over five years	**6,519,470,000.00**	8,171,600,000.00
	28,073,067,997.00	19,644,552,602.00

As at 31 December 2017, the above loans bore an interest rate of 1.2%-10.34% (31 December 2016: 1.2%-10.34%) per annum.

18. NET CURRENT ASSETS

Unit: RMB

	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Current assets	**143,589,262,404.01**	119,478,725,399.42
Less: Current liabilities	**110,434,361,271.08**	94,964,189,744.13
Net current assets	**33,154,901,132.93**	24,514,535,655.29

19. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 31 December 2017 Audited	As at 31 December 2016 Audited
Total assets	**232,207,482,091.70**	208,396,116,875.73
Less: Current liabilities	**110,434,361,271.08**	94,964,189,744.13
Total assets less current liabilities	**121,773,120,820.62**	113,432,927,131.60

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the annual results of the Company for the twelve months ended 31 December 2017, and the operating results of the Company during the said period for your review.

Review

The year 2017 saw continuous deepening of reform and significant achievement in development of the Group. The Company made strenuous efforts in various aspects, including deepening of reform, driving innovation, transformation and upgrade, as well as enhancing quality and efficiency, through which it has achieved enhanced synergy from the restructuring of Jidong Development Group, positive innovation of organization, management and control system, significant achievement in green reform and strengthening technological innovation. Relevant key projects progressed in an orderly manner, while strategic expansion and external cooperation were further strengthened. The overall economy of the Company grew steadily at a rapid pace with continuous improvement in quality and efficiency of economic operation. During the Reporting Period, the Company recorded operating revenue of RMB63,678.3 million, representing a year-on-year increase of 33.4%; net profit attributable to the shareholders of the parent company amounted to RMB2,836.7 million, representing a year-on-year increase of 5.6%; basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.27, representing a year-on-year increase of 8.0%.

Prospects

2018 is a critical year for implementing the 13th Five-Year Plan. It is expected that the global economy will continue to recover, yet there still remain numerous instabilities and uncertainties. With guidance of the new development concept, the Chinese economy will continue to adhere to the key note of making progress while maintaining stability with a focus on changes in major social contradictions, and take supply-side structural reform as its main task in accordance with the requirements of quality development, with a view to keeping all works and plans in progress and maintaining continuous and sound development. Meanwhile, the Company will closely adhere to the positioning of functions of Beijing, the synergetic development of Beijing, Tianjin and Hebei Province and the strategic requirements of the new master plan for Beijing to adopt precise positioning and active initiatives to accelerate its transformation and upgrade and enhance the quality of its development, with a view to making its businesses stronger, better and larger and achieving a new round of leap-forward development for BBMG.

In respect of the **cement and ready-mixed concrete segment**, the Company will further enhance the synergy brought by the restructuring of BBMG and Jidong Development Group. In particular, the cement business will aim at optimizing its regional market layout and enhancing its core competitiveness. It will strive to further increase the concentration level of it production capacity and maintain sound market order by enhancing business strengths in core areas, improving quality in key areas and activating the regional network. As for concrete business, leveraging the cement sub-group as platform, the Company will establish an operation system with centralized operation, synergetic efficiency and strong management and control, and further strengthen its flat, professional and regional management. In respect of **modern building materials and commerce and logistics segment**, the Company will further enhance its fundamental management, utilize its advantages in terms of production capacity, strengthen technological innovation and enhance the technical content of its products with a view to creating unique products. In respect of **property development segment**, leveraging the property development sub-group as platform, the Company will seriously examine the industry policies to accurately capture market trends, at the same time continuing to optimize its operation and management model to enhance operation efficiency and quality. As for the **property investment and management segment**, the Company will focus on the establishment of "Four Centers" in Beijing to fully explore and utilize the stock resources of the Company's real estate with a view to fully enhancing the quality and momentum of its development.

Summary of Financial Information

	2017	2016	Change
	RMB'000	*RMB'000*	
Operating revenue	**63,678,331**	47,738,773	33.4%
Operating revenue from principal business	**62,646,084**	46,793,385	33.9%
Gross profit from principal business	**15,533,508**	10,758,827	44.4%
Gross profit margin from principal business	**24.8%**	23.0%	an increase of 1.8 percentage point
Net profit attributable to the shareholders of the parent company	**2,836,665**	2,686,654	5.6%
Basic earnings per share attributable to the shareholders of the parent company	**RMB0.27**	RMB0.25	8.0%
Cash and banks balances	**17,903,847**	28,010,211	-36.1%
Current assets	**143,589,262**	119,478,725	20.2%
Current liabilities	**110,434,361**	94,964,190	16.3%
Net current assets	**33,154,901**	24,514,536	35.2%
Non-current assets	**88,618,220**	88,918,391	-0.3%
Non-current liabilities	**51,855,336**	50,523,416	2.6%
Total assets	**232,207,482**	208,397,117	11.4%
Equity attributable to the shareholders of the parent company	**51,162,848**	44,200,489	15.8%
Debt ratio (total liabilities to total assets) (%)	**69.9**	69.8	an increase of 0.1 percentage point

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 manufacturing and commerce and logistics – property development – property investment and management.

1. Cement and ready-mixed concrete business:

The Company is the third largest cement enterprise in the country. The cement business continued to adopt Beijing, Tianjin and Hebei as its core strategic region, and continued to expand the coverage of its network, mainly with presence in 13 provinces (municipalities and autonomous regions), including Beijing, Tianjin and Hebei Province, Shaanxi, Shanxi, Inner Mongolia, Northeastern region, Chongqing, Shandong, Henan and Hunan. The production capacity of clinker amounted to approximately 110.0 million tonnes; the production capacity of cement amounted to approximately 170.0 million tonnes; the production capacity of ready-mixed concrete and ready-mixed mortar amounted to approximately 74.0 million cubic meters and approximately 2.25 million tonnes respectively while the production capacity of aggregates and grinding aids and admixtures amounted to approximately 38.5 million tonnes and approximately 0.34 million tonnes respectively. On this basis, the Company effectively demonstrated the internal synergetic mechanism with cement production and ready-mixed concrete development providing support to each other. The industry layout of ready-mixed concrete in key regions and markets will be consolidated, aiming to take a leading position in the north of the country among its industrial peers and become one of the largest professional enterprises engaging in the production of concrete products in the PRC. Meanwhile, the Company will insist to promote market expansion and strategic resources consolidation simultaneously, and has had a total of about 1,700.0 million tonnes of limestone reserve in Beijing, Tianjin and Hebei.

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. It has major product and services, namely furniture and woods, wall body and insulation materials, decorative and fitting materials, and building materials and commerce and logistics, among which, the production and sales of BBMG's aerated products ranked second in the industry, BBMG's production capacity of fire retardant paint and comprehensive strength ranked top 3 in the country. Tiantan Furniture is the leading enterprise in the furniture industry in China. The Building Materials Trading Tower was named the "Number One Modern Household Building Materials Manufacturer in Beijing". 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 one in China in terms of sales to mid- to high-end channels. With strenuous efforts made in 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. The Company took the initiative to be the major supplier for the construction materials required by the construction of the sub-town center project in Beijing. Products including BBMG aerated panel and BBMG star stone wool won the bid of the construction of the public service center of Xiong'an, the first construction project of Xiong'an New Area. This has enhanced the image of the Company's modern building materials products in the market and made improvement to the aspects such as product quality, organisation security as well as management level. As long as risks are under control, the Company will continuously enhance the development of commerce and logistics industry and proactively explore developed 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 zones of Pan Bohai Rim, Yangtze River Delta and Chengdu-Chongqing region, the four municipalities of Beijing, Shanghai, Tianjin and Chongqing, as well as 15 provincial cities or regional core cities such as Hangzhou, Nanjing, Hefei and Haikou. 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 the largest investor and manager of investment properties in Beijing holding approximately 1.2 million sq.m. of high-end office buildings (including a total area of approximately 0.72 million sq.m. of investment properties held in the core area of Beijing) and managing approximately 12.0 million sq.m. of properties (including 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*

Against the backdrop of declining growth of fixed assets investment and consumption, the production of cement nationwide amounted to 2.34 billion tonnes in 2017, representing a year-on-year decrease of 3.1%, the second negative growth after 2015. The cement demand shrunk gradually. Although a negative growth was recorded in annual cement production and sales, the cost of sales in a majority of enterprises reduced significantly, which is attributable to rising price, consistent investment in the application of energy-saving and emission reduction technologies by large enterprises in recent years and improved management efficiency through the use of internet technologies. According to the statistics of the National Bureau of Statistics, in 2017, the overall profitability in cement industry improved substantially over the previous year, recording a revenue of RMB914.9 billion for the whole industry, representing a year-on-year increase of 17.89%. Total profit stood at RMB87.7 billion, representing a year-on-year increase of 94.41%, which was the second best performance other than the record high in 2011.

2. *Property Development Industry*

In 2017, "houses are for living, not for speculation" continued to be the basic tone of China's real estate policy, reflected by various tightening measures including purchase restrictions, loan restrictions and sales restrictions. Meanwhile, the government put great efforts in developing the housing rental market, further implementing pilot projects of common property rights, controlling housing price, improving multi-layer housing supply system, establishing a mechanism of co-development of housing rental and purchase, and promoting the establishment and improvement of a long-term mechanism.

According to the data of the National Bureau of Statistics, in 2017, the investment in real estate development in China stood at RMB10,979.9 billion, representing a nominal increase of 7.0% over the previous year, among which, investment in residential properties was RMB7,514.8 billion, up by 9.4%, representing a drop of 0.3 percentage points in growth. Investment in residential properties accounted for 68.4% of aggregate investment in real estate development. The construction sites for corporate use of real estate developers stood at 7,814.84 million sq.m., representing an increase of 3.0% over last year, among which, 5,364.44 million sq.m. were area of construction sites for residential properties, representing an increase of 2.9%. The area of nearly started construction of real estates was 1,786.54 million sq.m., increasing by 7.0%. Of this, 1,280.98 million sq.m. were area of nearly started construction of residential properties, which increased by 10.5%. The area of completed real estates stood at 1,014.86 million sq.m., decreasing by 4.4%. Of this, area of completed residential properties was 718.15 million sq.m., down by 7.0%. In 2017, land area acquired by real estate developers was 255.08 million sq.m., increasing by 15.8% over last year. Area of sold commodity housing in China was 1,694.08 million sq.m., increasing by 7.7% over last year. Of this, area of sold residential properties, office and properties for commercial operation increased by 5.3%, 24.3% and 18.7% respectively. Sales of commodity housing amounted to RMB13,370.1 billion, up by 13.7%. Of this, sales of residential properties, office and properties for commercial operation increased by 11.3%, 17.5% and 25.3% respectively. As at the end of 2017, area of commodity housing for sales was 589.23 million sq.m., a decrease of 15.3% as compared with the end of last year.

Summary of Business Information

	2017	2016	Change
1. Cement and Ready-mixed Concrete Segment			
Sales volume:			
Cement (in thousand tonnes)	**102,603**	57,039	79.9%
Concrete (in thousand cubic meters)	**14,728**	13,209	11.5%
2. Modern Building Materials and Commerce and Logistics Segment			
Sales volume:			
Stone wool boards (in thousand tonnes)	**40.8**	27.0	51.1%
3. Property Development Segment			
Booked GFA (in thousand sq.m.)	**948.6**	1,156.3	-18.0%
Presales (sales) GFA (in thousand sq.m.)	**1,377.6**	1,178.7	16.9%
4. Property Investment and Management Segment			
Total GFA of investment properties (in thousand sq.m.)	**716.2**	722.2	-0.8%

2017 saw great achievements made by BBMG Group in further deepening reform. Focusing on reform, innovation, transformation and upgrade, as well as improvement of quality and efficiency, the Company maximized the effect of restructuring with Jidong, implemented innovation of organizational management and control mechanism, made notable progress in green reform and technology innovation, promoted the orderly progress of relevant key projects and fortified strategic expansion and external cooperation. By virtue of the above, the overall economic status of the Company developed in a stable and rapid manner with continuous improvement in quality and efficiency.

During the Reporting Period, the Company recorded operating revenue of RMB63,678.3 million, of which operating revenue from its principal business amounted to RMB62,646.1 million, representing a year-on-year increase of 33.9%; total profit amounted to RMB4,057.1 million, representing a year-on-year increase of 10.4%; net profit amounted to RMB2,950.3 million, representing a year-on-year increase of 9.7%; and net profit attributable to the shareholders of the parent company amounted to RMB2,836.7 million, representing a year-on-year increase of 5.6%.

1. Cement and Ready-mixed Concrete Segment

2017 was the first full year of operation after the equity restructuring of BBMG and Jidong. Centered on the improvement of efficiency and quality and through a series of effective measures including quantity control and price increase, strategic marketing, market-synergy and differentiated strategy for different enterprises, the Company absorbed, consolidated and expanded the restructuring effect, realized both quality and efficiency improvement on a group basis and initially established itself as an industry-leading enterprise, thus greatly enhanced the value of cement in Beijing, Tianjin and Hebei province from its value depression nationwide, which, in turn, benefited the Company.

The Company also made notable progress in green reform and technology innovation, with an annual disposal of over 0.3484 million pollutants of various types, of which hazardous wastes, sludges and fly ashes amounted to 0.1034 million tonnes, 0.0829 million tonnes and 0.0278 million tonnes respectively. BBMG Dingxin, Handan BBMG and Guangling Jinyu were selected as the first batch of "National Green Factories (全國綠色工廠)". The household garbage disposal project of Handan BBMG and the sludge disposal projects of Taihang Heyi and Qixin Jidong commenced operation. The hazardous wastes disposal projects of Quyang Jinyu, Lingchuan BBMG and Guangling Jinyu received the official business permit on hazardous wastes disposal, while Chengde BBMG and Jidong Yongji obtained the temporary business permit on hazardous wastes disposal and has been organizing inspection and pilot operation. The household garbage and sludge disposal project of Zanhuang BBMG and the construction wastes disposal project and the 2nd phase of fly ashes disposal project of BBMG Liushui Environmental Protection Technology Co., Ltd. was completed as scheduled. So far, there has been 17 enterprises under the Group engaged in the business of synergetic use of cement kiln for the disposal of hazardous waste.

The Company organized and implemented 18 key scientific research projects throughout the year, among which, the Study on Pretreatment Technique for Hazardous Waste Disposal through Cement Kiln (2.0) and Technique for Improvement of Clinker Waste Disposal Capacity (《水泥窯處置危廢預處理技術(2.0)及噸熟料處廢能力提升技術研究》) significantly improved the automation of hazardous waste disposal and minimize the safety risk of the operators. BBMG Liushui Environmental Protection Technology Co., Ltd., Hebei BBMG Dingxin Cement Co., Ltd. and Guangling Jinyu Cement Co., Ltd. were accredited as "National High-Tech Enterprise". Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. was granted the title of Technology Innovation Team of Beijing. Meanwhile, the Company has set up BBMG Jidong Concrete Sub-Group (金隅冀東混凝土集團), which will serve as a centralized, synergetic, efficient and well-controlled legal entity platform, laying a solid foundation for enhancing operation level and profitability.

The cement and ready-mixed concrete segment recorded operating revenue from its principal business of RMB31,073.8 million during the Reporting Period, a year-on-year increase of 102.2%. Gross profit from its principal business amounted to RMB8,475.5 million, a year-on-year increase of 168.3%. The consolidated sales volume of cement and clinker reached 102.6 million tonnes, a year-on-year increase of 79.9%, among which cement sales volume amounted to 88.4 million tonnes and clinker sales volume amounted to 14.2 million tonnes, and the aggregate gross profit margin for cement and clinker was 30.4%, a year-on-year increase of 7.8 percentage points. Sales volume of concrete totaled 14.7 million cubic meters, a year-on-year increase of 11.5%, while the gross profit margin for concrete was 9.0%, a year-on-year decrease of 1.1 percentage points.

2. Modern Building Materials and Commerce and Logistics Segment

Adhering to its major target of "making the industry more solid, management stronger and products better", the Group put great efforts in management, cost reduction, and production and marketing, thus all the manufacturers under the Group recorded profit and all the commerce and logistics enterprises under the Group maintained sound and healthy operation. Overall, the total profit of the segment hit record high. BBMG Business and Trading expanded the scale and revenue of traditional sanitary products business, hence improving its economic efficiency consistently. Tiantan Furniture accelerated internal integration and completed the overall relocation of its headquarter to production base in Dachang. Seizing the market opportunity, both production and sales of STAR-USG doubled, ranking first in domestic market. Both production and sales of Jinyu Aerated also hit record high attributable to its great efforts in key projects. Planning and preparation of Doudian Science and Technology Park was completed. Jiandu Design and Research Institute adjusted its business model to improve service and accelerate market expansion.

During the Reporting Period, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of RMB13,034.7 million, a year-on-year increase of 17.2%, while the gross profit from its principal business amounted to RMB1,095.9 million, a year-on-year increase of 26.6%.

3. Property Development Segment

The Group endeavored to deepen the reform of organizational management and control, explored the approach of scale development and set up BBMG Property Development Sub-Group (金隅地產開發集團), which greatly improved its operation capability and profitability.

During the Reporting Period, companies in each city consolidated their sales resources, refined their marketing plans to ensure the commencement of sales with high quality. As a result, all projects have successfully achieved their sales mission for the year. Meanwhile, companies in each city closely monitored the progress of its projects, especially the management over construction of key projects. Construction of Jinyu Tang+ (北京金隅糖+) was completed ahead of schedule, and over 95% of the properties of phase 1 of Nanjing Zijingfu (南京紫京府) as a whole and nearly 100% of the projects of Shanghai Dachengjun (上海大成郡) were delivered to customers.

In 2017, the Company successfully acquired 14 parcels of land, adding approximately 1.36 million sq.m. to its land reserve (see the table below for details) and providing strong support to the sustainable development of the property development segment.

No.	Name of projects (parcel of land)	Location	Use of land	Land area of the project *(sq.m.)*	Planned plot ratio area *(sq.m.)*	Land price *(RMB million)*	Method of acquisition	Date of acquisition	Percentage of interest
1	Plot SY00- 0022-6015 at Block 22, Tianzhu Town, Shunyi District, Beijing	Shunyi District, Beijing	Residential (R2) and land for basic education	45,105	112,093	1,930.00	Listing	27 April 2017	95%
2	Plot GX03-01-07 at Gaoxin District, Ningbo	Gaoxin District, Ningbo	Residential (R2)	36,061	72,122	1,168.38	Listing	4 May 2017	100%
3	Plot C-01 at district of Qixin Cement Factory, Tangshan	Lubei District, Tangshan	Residential (R2)	48,093	120,232	685.32	Auction	9 May 2017	100%
4	Plot C-04 at district of Qixin Cement Factory, Tangshan	Lubei District, Tangshan	Land for service facilities	7,803	8,583	28.11	Auction	9 May 2017	100%
5	Plot A-01 at district of Qixin Cement Factory, Tangshan	Lubei District, Tangshan	Commercial land	5,485	6,033	18.88	Auction	9 May 2017	100%
6	Plot GX03-02-15 at Gaoxin District, Ningbo	Gaoxin District, Ningbo	Residential (R2)	42,830	94,226	1,884.52	Listing	14 June 2017	100%
7	Plot 2017G20 at the east of Changting Street and north of Chegnxin Street, Jiangning District, Nanjing	Jiangning District, Nanjing	Residential and commercial land	57,431	162,127	3,200.00	Listing	7 July 2017	70%
8	Plot PD2017-02 at Community I, Yili Village and Community III, Chengguan Village, Pitong Town Street Pidu District, Chengdu	Pidu District, Chengdu	Residential (R2) and land for service facilities	25,774	64,433	457.47	Auction	22 August 2017	100%
9	Plot XD2017-04 (252/211) at Zhao Family Community V and VI, Dafeng Street, Xindu District, Chengdu	Xindu District, Chengdu	Mix-urban residential land (including residential and commercial land)	47,717	95,434	1,045.01	Auction	6 September 2017	100%
10	Plot GX2016-16 (071) at Group I, Guandong Community, Group VII, Yinglong Community and Group V, Xinhua Community, Zhonghe Street, Gaoxin District, Chengdu	Gaoxin District, Chengdu	Residential (R2)	61,025	122,051	1,562.25	Auction	7 September 2017	100%
11	Plot at Beishan, Yingshou Yingzi Town, Yingzi Mine District, Chengde	Yingzi Mine District, Chengde	Residential land	48,902	107,584	61.44	Auction	17 October 2017	100%
12	Plot X90R2 and X90A1 at Hexi District, Beijng Economic-Technological Development Area	Hexi District, Beijng Economic-Technological Development Area	Residential (R2) and land for basic education	37,658	69,240	2,460.00	Listing	25 October 2017	100%
13	Plot LX14-0602 at Yancun Town, Fangshan District, Beijing	Fangshan District, Beijing	Residential (R2), land for carparks and basic education	72,997	155,965	2,540.00	Listing	7 December 2017	100%
14	Plot CP07-0203-0007 at North Qijiazhen, Changping District, Beijing	Changping District, Beijing	Residential (R2) and land for basic education	71,023	170,414	6,480.00	Listing	21 December 2017	49%
Total				607,903	1,360,537	23,521.38			

During the Reporting Period, the property development segment recorded revenue from its principal business of RMB16,079.8 million, a year-on-year decrease of 12.8%, and the gross profit from its principal business was RMB4,112.3 million, a year-on-year decrease of 18.9%. The booked GFA was 948,616.4 sq.m. for the year, a year-on-year decrease of 18.0%, among which booked GFA of commodity housing amounted to 942,516.4 sq.m., a year-on-year decrease of 9.8%, while booked GFA of affordable housing amounted to 6,100.0 sq.m., a year-on-year decrease of 94.5%. The aggregated contracted sales area of the Company was 1,377,570.5 sq.m., a year-on-year increase of 16.9%, among which contracted sales area of commodity housing amounted to 1,026,611.6 sq.m., a year-on-year decrease of 7.1%, and contracted sales area of affordable housing amounted to 350,958.9 sq.m., a year-on-year increase of 378.7%. As at the end of the Reporting Period, the Company had a land reserve totaling approximately 8,461,400 sq.m.

4. Property Investment and Management Segment

Based on the position of developing Beijing into "Four Centers" and strengthening the work in relation to transfer of non-capital functions, the Group has continuously improved its service quality and optimized the operation model of its property operations. As a result, the segment developed in a stable and orderly manner.

During the Reporting Period, the property operations maintained a positive momentum of development, with improved operation performance in office buildings and apartments. The investment property operations remained stable and orderly, while the occupancy rate was still at a high level. BBMG Sheraton Hotel (金隅喜來登酒店) recorded an average occupancy rate of 79.6% and successfully completed the reception of the "Belt and Road Forum for International Cooperation". It undertook a number of projects, such as Landgent Center, and achieved breakthrough in brand and management output.

In 2017, the Company was awarded with different honors and titles, including Top 100 Chinese Building Materials Enterprises (中國建材企業100强), China Top 100 Real Estate Developers (中國房地產百強企業), Top 10 Listed Real Estate Companies in terms of Overall Strength in Shanghai and Shenzhen (滬深上市房地產公司綜合實力 TOP10), Top 10 Listed Real Estate Companies in terms of Investment Value in Shanghai and Shenzhen (滬深上市房地產公司投資價值 TOP10), Top 10 Listed Real Estate Companies in terms of Financial Health in Shanghai and Shenzhen (滬深上市房地產公司財務穩健性 TOP10), China Top 10 Listed Real Estate Companies in terms of Corporate Governance (中國房地產公司上市公司治理 TOP10), Real Estate Companies Worthy of Attention of Capital Market (值得資本市場關注的房地產公司), Demonstration Construction Base of National Building Materials Culture Festival (全國建材企業文化節建設示範基地), and China Top 500 Most Valuable Brands (中國500強最具價值品牌).

During the Reporting Period, the property investment and management segment recorded operating revenue from its principal business of RMB3,316.4 million, a year-on-year increase of 1.7%, and gross profit from its principal business was RMB1,976.3 million, a year-on-year increase of 16.9%. As at the end of the Reporting Period, the Company held investment properties totaling approximately 716,200 sq.m. in the core districts of Beijing. The consolidated average occupancy rate was 89% and the consolidated average rental unit price was RMB8.2/sq.m./day.

INVESTMENT PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2017

	Location	Usage	Property gross area *(thousand sq.m.)*	Fair value *(RMB million)*	Rental unit price *(RMB/ sq.m./day)*	Average occupancy rate *(Note)*	Unit fair value *(RMB/ sq.m.)*
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	Commercial	108.2	3,220.2	11.1	92%	29,765
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	Commercial	142.3	3,231.9	8.1	80%	22,708
Phase 3 of Global Trade Center (Ground Floor Commercial)	North Third Ring Road, Beijing	Retail	56.7	1,146.9	7.2	94%	20,232
Tengda Plaza	West Second Ring Road, Beijing	Commercial	66.9	1,690.2	9.5	94%	25,271
Jin Yu Building	West Second Ring Road, Beijing	Commercial	41.2	1,147.9	10.2	92%	27,839
Jianda Building/Building Materials Trading Tower	East Second Ring Road, Beijing	Commercial	46.2	1,261.2	5.7	93%	27,274
Dacheng Building	West Second Ring Road, Beijing	Commercial	41.4	1,076.1	10.6	96%	25,971
		Sub-total	503.0	12,774.4			
Other properties	Beijing Municipality	Commercial and retail	213.2	2,666.1			
		Total	716.2	15,440.5	8.2	89%	21,558

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

ANALYSIS OF BUSINESS AND FINANCIAL POSITION FOR THE REPORTING PERIOD

1. Principal business operations

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Increase or decrease in revenue from principal business compared with last year (%)	Increase or decrease in cost of sales from principal business compared with last year (%)	Increase or decrease in gross profit margin from principal business compared with last year
Cement and Ready-mixed Concrete	31,073.8	22,598.3	27.3%	102.2	85.1	Increase of 6.7 percentage points
Modern Building Materials and Commerce and Logistics	13,034.7	11,938.8	8.4%	17.2	16.4	Increase of 0.6 percentage points
Property Development	16,079.8	11,967.6	25.6%	-12.8	-10.6	Decrease of 1.9 percentage points
Property Investment and Management	3,316.4	1,340.1	59.6%	1.7	-14.7	Increase of 7.8 percentage points
Eliminations	(858.6)	(732.2)	–	–	–	–
Total	62,646.1	47,112.6	24.8%	33.9	30.7	Increase of 1.8 percentage points

2. Investment properties measured at fair value

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group decreased by 13.9% year-on-year to RMB513.9 million, accounting for 12.7% of the profits before tax. The fair value gains on investment properties during the Reporting Period were mainly due to an upward revision to the fair value of the investment properties of the Group by the valuer given the overall surge in rental of commercial properties in the open market in Beijing during the Reporting Period.

3. Expenses during the Reporting Period

(1) Selling expenses were RMB2,607.3 million, an increase of RMB753.1 million or 40.6% year-on-year. Such increase was mainly due to the fact that the selling expenses of the corresponding period in 2016 only included the selling expenses of Jidong Group in the fourth quarter.

(2) Administrative expenses were RMB6,225.6 million, an increase of RMB2,417.8 million or 63.5% year-on-year. Such increase was mainly due to the fact that the administrative expenses of the corresponding period in 2016 only included the administrative expenses of Jidong Group in the fourth quarter.

(3) Finance costs were RMB2,675.6 million, an increase of RMB1,072.1 million or 66.9% year-on-year. Such increase was mainly due to the fact that finance costs of the corresponding period in 2016 only included the finance costs of Jidong Group in the fourth quarter.

4. Cash flows

During the Reporting Period, a net decrease of RMB5,196.7 million in cash and cash equivalents was recognized in consolidated financial statements of the Company. Such decrease was the net result of (i) the net cash outflow generated from operating activities of RMB11,854.5 million (as compared to the net cash inflow of RMB3,503.7 million for the year ended 31 December 2016), which was attributable to the year-on-year increase in the expenses of land reserve of property development segment of the Company; (ii) the net cash outflow generated from investment activities of RMB699.6 million, representing a decrease in outflow of RMB3,325.4 million year-on-year, which was mainly attributable to the merger and acquisition of Jidong Group in the same period in 2016; (iii) the net cash inflow generated from financing activities of RMB7,328.0 million, a decrease in inflow of RMB45.0 million year-on-year, while the net cash flow basically remained flat year-on-year; and (iv) the exchange realignment of RMB29.4 million.

CORE COMPETENCE ANALYSIS

The Company is 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. Following the orientation of the policies in relation to synergetic development of Beijing, Tianjin and Hebei Province and the structural reform of the supply front, the Company conducted the strategic restructuring with Jidong Group successfully in 2016 and became the third largest cement enterprise in the country. This has further increased its market control in Beijing, Tianjin and Hebei Province. Prices have stabilized with the enhancing synergy brought by the restructuring of BBMG and Jidong Group. The profit of the industry reached record high during the year, driving healthy development of the whole cement industry. 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 and abundant industrial land reserve in first-tier cities. Also, the Company is a leading supplier of green, eco-friendly and energy saving building materials in the Pan Bohai Rim and is one of the largest holders and managers of investment properties in Beijing. The four major business segments of the Company have experienced strong growth and synergetic development by extending their principal businesses to more than 20 provinces, cities and regions in the PRC.

The core competitiveness of the Company is detailed as follows:

1. Competitive Edge in the Industrial Chain:

The Company has developed a unique vertically integrated core industrial chain. This core industrial chain is in the form of "cement and ready-mixed concrete – modern building materials manufacturing and commerce and logistics – property development – property investment and management", resulting in a unique industrial chain development model with all four major business segments incorporated. With acceleration of industrial transformation and upgrading, the cement industry has turned from a grey industry to a green one, while the industry's development layout has shifted from the development of single product to the development of comprehensive industrial chain. By leveraging the advantages accumulated in the development of green building materials manufacturing industry and equipment manufacturing industry, the Company extends its industrial chain upward and downward and expands toward property development. While focusing on business collaboration and high-end development, the Company has developed toward the modern service sectors, including modern property management services and financial services. Taking advantage of the characteristics of the real estate development industry of large amount of funds and great demand for products, the Company, through market behaviors, drove the application of modern building materials, cement, concrete and other products as well as the development of relevant businesses such as design, fitting-out and property services. By enhancing the product quality and service capacity, modern building materials and property management services sector has enhanced its competitiveness and further promoted the quality of real estate projects. By continuously capitalizing on its competitive edges in property operation and high-end property management services in terms of brand, operation, management and techniques, the Company has succeeded in the promotions of values of real estate for both commercial and residential purposes and cutting inventories. Meanwhile, the real estate development industry has pioneered market of the target 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. Competitive edges in scale centralizing on the industrial chain, coordination among and integration of different segments have been cumulating.

2. **Competitive Edge in Technology Innovation:**

With an investment of RMB1.1 billion in technology R&D in 2017, the Company implemented 18 major science and technology projects and recorded revenue from sales of new products of RMB2.3 billion, received 15 provincial and ministry-level and industry technology awards, obtained science and technology funding from the government at different levels of over RMB9.5 million, obtained 95 national patents (of which 28 were invention patents), obtained 6 computer software copyrights, and played a leading role (or participated) in formulating over 34 national, industrial and local standards, thereby enhanced its bargaining power in the industry.

The Company has conducted post-evaluation for the projects carried out in 2014. The projects have an industrialization rate of 75% and recorded sales revenue of RMB392 million with a cost-efficiency ratio of 1:5.92. The projects developed 16 (series) of new products, developed 9 new technologies (processes), completed the construction of two information systems, obtained 50 patents, played a leading role (or participated) in formulating 13 standards, and received 11 awards of different levels/categories.

Among the subsidiaries of the Company, BBMG Liushui Environmental Protection Technology Co., Ltd., BBMG Dingxin Cement Co., Ltd. and Guangling Jinyu Cement Co., Ltd. were approved as "National High-Tech Enterprises"; Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. was awarded the title of Technology Innovation Team of Beijing; Guangling Jinyu Cement Co., Ltd. become the first cement enterprise with national "Informatisation and Industrialisation" certification in Shanxi; BBMG Academia Sinica and Jiandu Design and Research Institute were awarded the qualification of "Industrial Energy Conservation and Green Development Evaluation Centre (工業節能與綠色發展評價中心)" by the Ministry of Industry and Information Technology; and Xishan Jia No. 1 Project of BBMG GEM Real Estate Development Co., Ltd. was awarded Green Building 2 Star Design Certificate (綠建二星設計證書).

3. Competitive Edge in Sustainable Development of Green Operations:

Upholding the objective of building Beijing as an international first-class city which is harmonious and livable, the Company has stepped up its efforts in developing a circular economy and a low-carbon economy, accelerating its pace towards transformation and upgrading and embarking on a sustainable path for green development. In 2017, Chengde BBMG Cement Co., Ltd. carried out the disposal of hazardous waste project in coordination with the Company and obtained the temporary business permit on hazardous wastes disposal. The project is now in trial run. Lingchuan BBMG Cement Co., Ltd. and Quyang Jinyu Cement Co., Ltd. obtained the official business permit on hazardous wastes disposal; and the environmental assessment report of the sludge project of Jidong Cement Luan County Co., Ltd. was approved. A total of 17 companies of the Company had commenced the disposal of solid waste, among which 10 companies had commenced the disposal of hazardous waste with a total approved capacity of 366,600 tonnes/year. The Company effectively promoted the standardization of environmental protection, the environmental self-supervision and examination as well as the rectification and implementation mechanism for the enterprise, which maximize the Company's economic and resource usage efficiencies and actively contributed to urban development, environmental safety and social harmony.

In 2017, the Company invested RMB579 million in environmental upgrade projects. 86 companies have passed the clean production audit; 68 major energy-consuming units have passed the annual examinations on energy-saving targets and missions conducted by the government at both national and local levels. It has also completed the reports on CO_2 emissions and the relevant examination, testing and performance of work as scheduled for key units in Beijing in terms of CO_2 emissions with a performance rate of 100%. In 2017, the Company achieved reduction in consumption of standard coal by approximately 59,000 tonnes and water saving by 831,000 cubic meters. The amount of various solid wastes disposed of amounted to 360,000 tonnes. Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd., a subsidiary of the Company, properly handled three environmental emergencies, including two incidents in Tongzhou and one incident in Hebei, which has effectively avoided secondary pollution.

The Company was the first cement enterprise which received the "China's Environment Award", a distinctive honor in the environmental protection field. It was also the only enterprise to win the "Green Ecology Media Award" under the Beijing Influence Award. In 2017, three subsidiaries of the Company, namely BBMG Dingxin Cement Co., Ltd., Handan BBMG Taihang Cement Co., Ltd. and Guangling Jinyu Cement Co., Ltd., were selected as the first batch of green factory pilot unit by the Ministry of Industry and Information Technology. Beijing Bio-Island Science and Technology Co., Ltd. and Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd. participated in and completed the project named Research, Development and Engineering Application of Soil Vapor Extraction Equipment and System (《土壤氣相抽提設備系統研發及工程應用》), which has received the second prize under "2017 Environmental Protection Science and Technology Award (2017年環境保護科學技術獎)". BBMG Dingxin Cement Co., Ltd. was honored with the title of "Hebei Top Brands (河北名片)" and "Hebei Role Model Unit for Brand Building (河北品牌建設典範單位)" at Hebei Brand Festival (河北品牌節). Beijing Bio-Island Science and Technology Co., Ltd. and Beijing Mangrove Environmental Protection Technology Co., Ltd. participated in the programming of the "Second Trustworthy Beijing 315 Special Program (第二屆誠信北京315特別節目)" and were both recommended as classic trustworthy enterprises by the Capital Civilization Office and other departments.

During the meeting for "National Development of Synergetic Use of Cement Kiln for the Disposal of Waste (全國水泥窯協同處置發展)" organised by China Building Materials Federation and China Cement Association, three subsidiaries of the Company, namely Beijing BBMG Beishui Environmental Protection Technology Co., Ltd., BBMG Liushui Environmental Protection Technology Co., Ltd. and Handan BBMG Taihang Cement Co., Ltd., were honored with the title of "Demonstration Project for Synergetic Use of Cement Kiln for the Disposal of Waste"; BBMG Mangrove Environmental Protection Technology Co., Ltd. was awarded the "Significant Contribution Award for Technological Innovation of Synergetic Use of Cement Kiln for the Disposal of Waste in China (中國水泥窯協同處置技術創新重大貢獻獎)"; BBMG Academia Sinica and Jiandu Design and Research Institute were awarded "Outstanding Contribution Award for Technological Innovation of Synergetic Use of Cement Kiln for the Disposal of Waste in China (中國水泥窯協同處置技術創新突出貢獻獎)"; Beijing BBMG Beishui Environmental Protection Technology Co., Ltd. and BBMG Liushui Environmental Protection Technology Co., Ltd. were award the plaque of "Demonstration Base for Synergetic Use of Cement Kiln for the Disposal of Waste (水泥窯協同處置示範基地)".

4. Competitive Edge in Industry-Finance Integration:

In a view to support the development of its principal businesses, the Company has stepped its efforts in promoting the collaboration with various financial institutions. 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, asset securitization, debt financing plan, etc., thereby realizing multi-level and multi-channel financing. In 2017, Dagong Global Credit Rating Co., Ltd. made an upward adjustment to the corporate credit rating of the Company from AA+ to AAA, demonstrating effective enhancement of the capital operational capacity and management efficiency of the Company. Meanwhile, 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.

In 2017, the external financing of the Company recorded a net increase of RMB13,900 million, among which: the Company recorded a net increase of RMB5,000 million in the issuance of perpetual medium-term notes, a net increase of RMB4,000 million in the issuance of corporate bonds, a net increase of RMB8,029 million in various kind of loans (such as bank loans), and a net increase of RMB500 million in debt financing plan. On the premise of ensuring the security of capital chain and effective control over gearing ratio, the Company has optimized and adjusted the term and structure of its liabilities. As at the end of 2017, the remaining bank credit facilities available of the Company amounted to RMB82,400 million, which has laid a solid foundation of financial credit for the healthy and sustainable development of the Company.

5. Competitive Edge in Corporate Culture and Branding:

The core value and philosophy of BBMG's corporate culture is composed of corporate spirits of "three emphasis and one endeavor", the development philosophy of "integration, communion, mutual benefit and prosperity", the core values of "faith, respect and responsibility", the human spirits of "eight specials" and the pragmatic working culture of "work with aspiration, competence, efficiency, success and prudence". Following historical accumulation and innovation over more than half a century, the corporate culture is the philosophical summary of the entire BBMG employees' tremendous efforts and implementation of reform and development. The excellent BBMG culture understands, respects, accomplishes and nurtures people. Under the philosophy and system of BBMG's culture, the career goal and humanity spirit shared by all our staff are highly synchronized, which has become a strong spiritual driver to encourage our staff at all levels to accomplish goals and make dedication in their own positions. "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 created a sound cultural atmosphere and intelligence support for BBMG to achieve a new round of leap-forward development in full force.

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

(1) Industry Pattern and Trend

1. Economic environment remains complex and overwhelms with opportunities and challenges.

According to the analysis on the domestic and international conditions, the development of China is filled with opportunities and challenges. The ongoing global economic turnaround is likely despite a number of factors of instability and uncertainties, namely the policy adjustment of major economies and the related external impacts, increasingly intense protectionism and heightened geopolitical risks. Lingering in the critical period of changing development mode, optimizing economic structure and adjusting growth momentum, the Chinese economy is subject to making responses to the foreseeable and unforeseeable risks or challenges. In 2018, pursuing and demonstrating further the vision of the 19th National Congress of the Communist Party of China, the Central Government will continue to firmly adhere to the main theme of making steady progress so as to speed up the in-depth reform for attaining high quality development in policies, economy and society step by step. Persisting with the resilient and well-balanced approach, two-pillar regulation and control comprising the robust monetary policy and prudent macroeconomic policy, deleveraging, curbing foam economy and risk prevention, China will create more favorable conditions for the in-depth reform in full swing, thus driving the qualitative reform as well as reform in efficiency and growth momentum for the economic development. Benefiting from the positive trend of external demand and further organic growth and reform, consumption will soar and contribute to the economy in a faster pace. The Chinese economy will sustain its steady and positive momentum in 2018 accordingly. Acceleration of the structural reform of the supply front achieved double objectives and built dual driving forces which are beneficial for continuous implementation of a series of national significant strategies and measures in regulating structure and stabilizing growth. The Company consistently improved marketization mechanisms in deepening the comprehensive promotion for the reform of state-owned enterprises, facilitating entrepreneurship and innovation among the public that will bring new impetus to upgrade the quality and efficiency of China’s economy, and will offer new historical opportunities for the Company to achieve new leaps in development by virtue of innovation during the course of reform.

2. *Correct understanding of the actual situation faced by the industry.*

Overall, the economic operation of building materials industry fluctuated between the middle range in 2017. Throughout the year, the industry accelerated the structural reform of the supply front, facilitated in-depth consolidation and restructuring, and precisely implemented staggering production, thereby achieving significant improvement in economic efficiencies and continuous optimization of industrial structure. As such, the economy maintained stable and sound growth. However, with the existing problems in internal and external operating environment such as excessive production capacity, sluggish demand growth, rising price of major raw materials, all being unsolved fundamental problems, the industry was still under great pressure and exposed to downside risk in its operation.

In 2017, the building materials industry realized a recovering growth in general. The operating revenue of the cement industry was as high as RMB915.9 billion, representing a year-on-year growth of 17.89%; and total profit was RMB87.7 billion, representing a year-on-year growth of 94.41%. From the internal point of view of the industry, the overcapacity problem in traditional industries such as cement industry remain unsolved in essence while the demand and supply relationship of the market was still vulnerable and therefore solving the problem of excessive production capacity has become the mutual responsibility and core task of government, industry and enterprises which will drive enterprises to devote more efforts in further mergers, acquisition and restructuring, industry structural adjustment and enhancement of industry self-discipline.

Currently, the national economy maintained medium-to-high speed growth, which has provided stable market demand and environment for the development of the cement industry. Meanwhile, with the implementation and deepening of national policies such as the national strategy of "synergistic development of Beijing, Tianjin and Hebei Provinces", the "One Belt and One Road" initiative, the "Xiong'an New Area" which is a plan that will be crucial for the millennium to come and the "Yangtze River Economic Zone", along with the infrastructure construction such as railways and highways, as well as the key construction projects like Beijing Winter Olympics and new airport in the capital city, the PRC will be able to satisfy the rising demand, at the same time actively promoting the structural adjustment and industrial transformation and upgrade of the cement industry.

Real estate market has resumed to its housing residential nature and provided stabilization for steady industry development. In the Central Economic Work Conference 2017, it was advocated that: the efforts in financial risk prevention and control necessarily serve the principal purpose of the supply-side structural reform, thereby promoting the formation of the virtuous cycle between the financial and real economy, finance and real estate sectors and among the financial system itself; it is necessary to expedite the formulation of the housing system with multi-agent supply, multi-channel protection and integration of lease and purchase; it is necessary to develop the housing lease market, particularly the long-term lease, to protect the legitimate interests of the stakeholders in relation to the lease as a support to the development of professional and institutional housing lease enterprises; it is planned to improve the long-term mechanism which aims to promote the steady and sound development of the real estate market in order to maintain the continuity and stability of the property market regulation policies. Meanwhile, the market differentiation among cities continued to exist and the sales in some of the bulk-stocked cities remained blue. All these will increase the yield risks of future property projects.

3. During the "13th Five-year Plan" period, the Company will be positioned at a new starting point in pursuing new leap-forward development.

Regarding the economic scale and efficiency, industrial structure and innovation, strategic planning and capital, systems and mechanisms as well as personnel and talents, the Company possessed better internal environment basis in dealing with external complex environment, meeting new industrial reform and changes, seizing the historical strategic opportunities and realizing leap-forward development.

(1) Equipped with guarantee of sound economic benefits. Under such severe competition in the same industry, the Company has always maintained better economic benefits than other counterparts which experienced general decline, while at the same time achieved the synergic improvement of quality and efficiency and enhanced its market competitiveness and thus ranking the top in the integrated ranking of the national industry and among municipal state-owned enterprises.

(2) Equipped with continuously-optimizing industry development basis. Active adjustment and continuous optimization of industrial structure promoted the coordination and balance between the business segments. The more prominent the ability to respond to changes in external environment and resist market risks, the more obvious industrial chain advantages will be. In addition, continuous optimization of the strategic layout allowed the core industrial chain exhibit a strong competitive tenacity and thus laying a strong industrial base for overall leap-forward development.

(3) Equipped with continuously-improving strategic planning capability. Strengthening the strategic guidance and top-level design allowed the Company to achieve hurtling plans and control towards a comprehensive strategy and equip with ever-changing strategic responding abilities in adapting external environments.

(4) Equipped with constantly-strengthening innovation-driven layout. Support on technology innovation continuously enhanced while the complete integration with Zhongguancun provided a new platform for innovation and development. Accelerated formation of innovation-driven layout unleased the development potentials, stimulated the internal dynamic for development and enhanced the core competitiveness and sustainable development capacities of the Company. New segment formats and models gradually emerged which drove the new impetus for overall innovation and development.

(5) Equipped with continuously-innovative industry-finance support. Internal financial service system and financing means featuring multiple levels and channels provided financial security for the rapid development of entire industrial scale. Innovation and development of the capital platform has established basic conditions for the new business pillars with industry and finance as the core in realizing the industry-finance integration.

(6) Equipped with continuously-deepening guarantee of systems and mechanisms. Comprehensive internal control and management system offered a strong risk barrier for the overall high-efficiency and high-quality operation system. In deepening enterprise reform and innovating new systems and mechanisms, the state-owned enterprises continued to strengthen their predominance while their scientific control and efficient operation were equipped with strong supporting conditions.

(2) The Company's Development Strategy

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

Development Strategy for the Company's businesses in 2018:

1. Cement and ready-mixed concrete business upholds the strategic positioning of "building a world-class cement listed company which is modern, professional and large in scale" while places emphasis on the improvement of management, integration of cultures, consolidation of operation as well enhancement of quality and efficiency. It is based on deep integration of information technology and manufacturing technology and guided by green and low-carbon development, concentrates on improving profitability, optimizes production, supply, sales and management pattern, stimulates and taps the potential for efficient allocation of various factors of production, perfects and strengthens stock assets of the business, maximizes the economies of scale and synergies, creates cost advantage and comparative advantage, and nurtures the Company's core competitiveness and capacity of sustainable development.

   Regarding the cement business, the Company aims to optimize the regional market landscape and enhance the core competitiveness, thereby enhancing the business strengths in core areas, improving the quality in key regions and activating the regional business network and facilitating the quality and efficiency upgrade of the entire process, full value chain and entire workforce of our production, supply and sales. The Company will enhance the industry integration for a more concentrated production capacity, and strengthen the marketing strategy for a stable production volume and price increase. Benchmark management will be reinforced to attain stringent control of cost and account receivables, and thus ensuring the standard of management and control to be enhanced. Relying on the principal business of cement, the Company will also steadily procure the enhanced management and control of non-cement business, thus ensuring a quality and efficiency upgrade of the segment generally.

   Pursuing the goal of making the concrete business "more solid, stronger, better and innovative", the Company will develop an operating system with concentrated operation, high synergy and strong management control so as to further consolidate the flat, professional and regional management, procuring the overall profitability from the operations.

2. The modern building materials and equipment manufacturing business is required to further consolidate the technological innovation and improve product technology for the output of unique and featured products. Fundamental management will be further enhanced to unleash the leading edge in production capacity, and thus making the business more solid. In addition, the Company will further consolidate the resources to increase synergy and focus its R&D efforts for the equipment accommodating its uniqueness, thereby developing the related manufacturing business. More resources will continue to be put into the segment for allocations with high level of market positioning, benchmark and standard. We will innovate our systems and mechanisms, continue to bolster the weakness, establish core competitiveness and constantly develop into a more solid, stronger and better business, and thus striving to rank among the leaders in the equipment manufacturing industry of China. Pursuing the innovation-oriented development mode, the Company will seek high-end technologies and value of the industry to produce innovative and environmental-friendly products with enhanced quality and performance. Coupling with its overall positioning in the modern building materials market, the segment will endeavor to make further breakthrough in production capacity and market layout. It will also push forward the overall synergistic development of various businesses, namely the business chain of BBMG's unique home-oriented building materials, prefabricated and aerated wood-based panel systems for construction use, integrated high-quality decoration, ageing supporting renovation, thermal insulation business, chemicals and building materials.

3. The commerce and logistics business needs to upgrade the core competence in marketing of sanitary products agency business through excellent management and advanced benchmark. The segment will boost the bulk commodity trade related business on the core basis of steel and iron, develop the BBMG's unique bulk commodity trade product series of controllable risks as a more solid and expanded business. The segment needs to procure the further growth point for the e-commerce business leveraging online and offline resources well. The Company will coordinate with, and promote the business development of Jidong International Trading (冀東國貿公司) to accomplish the division of roles, sharing of resources and alliance with BBMG Commerce and Trade (金隅商貿公司), thereby actively exploring the trading business for BBMG and seeking further breakthrough with good risk prevention and control measures in place.

4. The property development business needs to conduct in-depth study on the real estate policies and the new trend of market change and further improve the operation and management mode with an enhanced operating efficiency and quality, aiming to strengthen its core competitiveness generally. The segment will further consolidate its strategic vision and unleash the competitive edge with creativity to constantly develop into a stronger, better and larger-scale business. By making in-depth study and review on the new overall rules and regulations of Beijing, the segment also needs to adjust its market positioning based on the revisions of detailed control regulations and the development of various regions, and thus seizing new opportunities for development.

5. The property and real estate business needs to fully leverage the tremendous opportunities arising from the development of Beijing into "Four Centers", strengthen the management, seek innovation and promote business transformation. By exploring and capitalizing on the inventory resources of the Company's immovable properties in full swing, the segment also needs to put efforts in focused areas, namely improving the quality of land, properties and assets and commercial property operation, enhancing the management of Park operation and quality of property management, thereby uplifting the quality and momentum of development of the property segment generally.

(3) Business Plan

2018 will be an important year for the Company in comprehensive implementation and linkage of the past achievements and future development of the "13th Five-Year Plan". In general, the global economy tends to maintain a sound growth in the long run, so 2018 is still a period of important strategic opportunities for making great achievement. The Board of the Company will adhere to the key note of making progress while maintaining stability, firmly foster and consistently implement new development philosophy, take active initiative to adapt to the "new normal" of economic development, focus on development with high quality and efficiency, seize the opportunities and overcome the difficulties, guarantee smooth completion of each annual task, strive to make the core basic industries stronger, better and larger, facilitate an overall stable and healthy development of the Company in an orderly manner in accelerating the attainment of the Company's leap-forward development.

(4) Possible risks

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, 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 2018, 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 its finance company and the finance leasing company, cash flow of the Company will be secured as a whole.

3. *Risks in Market Competition*

The Company conducted a strategic restructuring with Jidong 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 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 31 December 2017, the Group's total assets amounted to RMB232,207.5 million, an increase of 11.4% from the beginning of the Reporting Period, of which liabilities amounted to RMB162,289.7 million, minority interests amounted to RMB18,755.0 million and total equity attributable to the shareholders of the parent company amounted to RMB51,162.8 million. Total equity attributable to shareholders amounted to RMB69,917.8 million, an increase of 11.1% from the beginning of the Reporting Period. As at 31 December 2017, the Group's net current assets were RMB33,154.9 million, an increase of RMB8,640.4 million year-on-year. Debt ratio (total liabilities to total assets) as at 31 December 2017 was 69.9%, an increase of 0.1 percentage points from the beginning of the Reporting Period.

As at 31 December 2017, the Group's cash and bank balances amounted to RMB17,903.8 million, a decrease of RMB10,106.4 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, short-term financing bonds, corporate bonds, medium-term notes, private bonds and banking facilities provided by its principal bankers in the PRC. As at 31 December 2017, the Group's interest-bearing bank borrowings amounted to RMB62,448.3 million (as at 31 December 2016: RMB51,672.3 million) and bore fixed interest rates. Of these borrowings, approximately RMB36,777.2 million interest-bearing bank borrowings were due for repayment within one year, an increase of approximately RMB3,192.6 million from the beginning of the Reporting Period. Approximately RMB25,671.0 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB7,583.3 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company entered into cooperation agreements with various banks to obtain credit facilities. As at the end of the Reporting Period, the Company was granted total bank credit facilities of RMB144,700 million and drew down borrowings of RMB62,300 million in Mainland China. Unutilized credit facilities was RMB82,400 million. As at 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. During the Reporting Period, the interests of other bonds and debt financing instrument of the Company had been fully settled as scheduled in accordance with the contract or relevant agreement and there was no event of default having occurred. The Company has sufficient capital for its operations. As at 31 December 2017, the Group had no future plans for material investments or capital assets.

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 Beijing BBMG Group Co., Ltd. and Beijing Jingguofa Equity Investment Fund (Limited Partnership) (the "**Fund**"). Each of Beijing BBMG Group Co., Ltd. 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 Beijing BBMG Group Co., Ltd.) (the "**2015 Proposed Placing**") to finance the resident and commercial property development projects of the Group in Beijing, Nanjing and Tianjin and to supplement the working capital of the Group, details of which have been set out in the announcements of the Company dated 26 March 2015, 1 April 2015, 4 May 2015, 27 May 2015, 11 June 2015, 26 June 2015, 28 July 2015, 12 August 2015, 20 August 2015, 18 September 2015 and 28 October 2015 and the circular of the Company dated 30 April 2015. At the annual general meeting for 2014 held on 27 May 2015 and the first extraordinary general meeting for 2015 held on 12 August 2015, the relevant resolutions in relation to the 2015 Proposed Placing were duly passed.

Reference is also made to the announcement of the Company dated 7 December 2015. On 3 December 2015, the Company completed the 2015 Proposed Placing. Upon completion of the 2015 Proposed Placing, the total number of the Shares of the Company increased from 4,784,640,284 Shares to 5,338,885,567 Shares. The total proceeds raised from the 2015 Proposed Placing were RMB4,699,999,999.84. After deducting the costs of the 2015 Proposed Placing and taking the interest income into consideration, the net proceeds of the 2015 Proposed Placing was RMB4,637,875,039.84, which were remitted to the designated account for proceeds opened as approved by the Board on 30 November 2015.

As at 31 December 2017, the Company had utilized the proceeds of RMB7,273,020,627.90 (including the use of idle proceeds of RMB11,650,000,000.00 as temporary replenishment of working capital, the use of proceeds of RMB600,000,000.00 as permanent replenishment of working capital, repayment of RMB10,001,241,600.00 to the designated account for proceeds with working capital, change in use of the proceeds of RMB895,205,900.00, the actual use of RMB4,124,482,012.43 of the proceeds for projects, intermediary fee paid of RMB4,504,100.00 and bank charges paid of RMB70,215.47), and obtained interest earned from deposits of RMB8,249,040.31. The balance of the proceeds was RMB155,968,402.17, 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 System for Use and Management of Proceeds (hereinafter referred to as the "Management Measures of Proceeds") in August 2010, which was considered and passed by the tenth meeting of the second session of the Board of the Company. In October 2013, according to the relevant requirements of CSRC and the Shanghai Stock Exchange and as considered and passed by the sixth meeting of the third session of the Board of the Company, the Company amended the Management Measures 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 Measures of Proceeds, 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 non-public issuance respectively. The nine designated accounts for proceeds include: Bank of Communications Co., Ltd., Beijing Municipal Branch, Industrial and Commercial Bank of China Limited, Beijing Hepingli Branch, Industrial and Commercial Bank of China Limited, Shijingshan Branch, China Construction Bank Corporation, Dachang Sub-branch, Industrial and Commercial Bank of China Limited, Beijing Anzhen Branch, China Construction Bank Corporation, Beijing Urban Construction Development Professional Branch (2 accounts), Agricultural Bank of China Limited, Tianjin Yong'an Road Branch and Agricultural Bank of China Limited, Nanjing Xinglong Street Branch. Upon the receipt of the proceeds from A Shares, 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）》） of the Shanghai Stock Exchange with no significant discrepancy. As of 31 December 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 31 December 2017, the deposits of the designated accounts for proceeds were as follows:

Unit: RMB

No.	Name of bank	Bank account	Account holder	Amount
1	Bank of Communications Co., Ltd., Beijing Municipal Branch	110060149018170182242	The Company	12,387.11
2	Industrial and Commercial Bank of China Limited, Beijing Hepingli Branch	0200203319020196563	The Company	101,768,836.46
3	Industrial and Commercial Bank of China Limited, Shijingshan Branch	0200013419200040504	Beijing Aerated Concrete Co., Ltd.	6,700,756.30
4	China Construction Bank Corporation, Dachang Sub-branch	13001707748050506500	BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	16,810,711.79
5	Industrial and Commercial Bank of China, Beijing Anzhen Branch	0200064819024649727	Beijing BBMG Tiantan Furniture Co., Ltd.	56,983.39
6	China Construction Bank, Beijing Urban Construction Development Professional Branch	11050138360000000048	BBMG GEM Real Estate Development Co., Ltd.	17,563.28
7	China Construction Bank, Beijing Urban Construction Development Professional Branch	11050138360000000047	BBMG GEM Real Estate Development Co., Ltd.	2,462,671.65
8	Agricultural Bank of China Limited, Tianjin Yong'an Road Branch	02280101040015072	Jinyu Ligang (Tianjin) Property Development Co., Ltd.	15,324,631.34
9	Agricultural Bank of China Limited, Nanjing Xinglong Street Branch	10109201040009981	BBMG Nanjing Real Estate Development Co., Ltd.	12,813,860.85
		Total		155,968,402.17

Note: The savings balance in the aforesaid designated accounts for proceeds are current savings, which includes savings interest income of RMB8,249,040.31.

The Company strictly followed the Management Measures of Proceeds when using the proceeds. The details of the actual use of proceeds in proceeds-financed projects were as follows:

BREAKDOWN OF USE OF PROCEEDS IN 2017

Prepared by: BBMG Corporation *Unit: RMB0'000*

Total proceeds	749,504.00	Total proceeds used for investment during the year	81,267.96
Change in use of total proceeds	89,520.59	Total accumulated proceeds used for investment	561,968.80
Proportion of change in use of total proceeds	12%		

Committed investment project	Changed project	Total committed investment from proceeds	Total investment after adjustment	Committed investment amount as of the end of the year (1)	Investment amount during the year	Accumulated investment amount as of the end of the year (2)	Difference between accumulated investment amount and committed investment amount as of the end of the year (3)=(2)-(1)	Investment progress as of the end of the year (%) (4)=(2)/(1)	Date of project ready for its intended use	Cumulative achieved results as at the end of the year *(Note 8)*	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) *(Note 1)*		97,953.00	97,953.00	97,953.00	22,440.17	77,245.24	(20,707.76)	78.86%	It is expected to be completed in December 2018	681.32	–	No	–
Production line project with an annual production capacity of 0.8 million pieces of furniture (年產80萬標件傢俱生產線項目) *(Note 2)*		181,551.00	90,000.00	90,000.00	15,412.47	89,872.46	(127.54)	99.86%	Completed	11,629.47	–	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	2,203.59	45,515.42	(38,272.08)	54.32%	Completed	331,090.21	–	No	–

Committed investment project	Changed project	Total committed investment from proceeds	Total investment after adjustment	Committed investment amount as of the end of the year (1)	Investment amount during the year	Accumulated investment amount as of the end of the year (2)	Difference between accumulated investment amount and committed investment amount as of the end of the year (3)=(2)-(1)	Investment progress as of the end of the year (%) (4)=(2)/(1)	Date of project ready for its intended use	Cumulative achieved results as at the end of the year *(Note 8)*	Achieve the intended results or not	Significant changes in project feasibility	Reason for failure to reach the scheduled progress
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	7,490.82	74,965.90	(95,034.10)	44.10%	Completed	640,073.83	–	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	5,273.32	41,197.34	(8,802.66)	82.39%	Completed	202,591.34	–	No	–
Nanjing City Jianye District Xinglong Street North A2 project (南京市建鄴區興隆大街北側A2項目) *(Note 6)*		100,000.00	100,000.00	100,000.00	28,447.59	83,651.85	(16,348.15)	83.65%	It is expected to be completed in April 2019	288,513.93	–	No	–
Sub-total		689,504.00	681,261.09	681,261.09	81,267.96	501,968.80	(179,292.29)	73.68%		1,474,580.10			
Replenishment of working capital *(Note 7)*		60,000.00	60,000.00	60,000.00	–	60,000.00	0.00	100%	–	–	–	–	–
Total		**749,504.00**	**741,261.09**	**741,261.09**	**81,267.96**	**561,968.80**	**(179,292.29)**	**75.81%**		**1,474,580.10**			

Note 1: Phase 1 of the engineering project of BBMG International Logistics Park has been completed, phase 2 has been basically completed and phase 3 is still under construction. It 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 thereof, 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. As of 31 December 2017, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB207.0776 million in total.

Note 2: Production line project with an annual production capacity of 0.8 million pieces of furniture has been basically completed, but is still required to settle the remaining balance in relation to certain construction, procurement and installation. As of 31 December 2017, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB1.2754 million in total. The difference between committed investment before and after fund raising of the project was due to the deduction of issuance expense of RMB20.3041 million, as well as the change in use of proceeds of RMB895.2059 million. As of the date of this announcement, the committed investment proceeds for the production line project with an annual production capacity of 0.8 million pieces of furniture changed to RMB900 million. Such change was resolved and announced at the 2014 annual general meeting of the Company.

Note 3: Chaoyang District Chaoyang North Road (Former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project has been basically completed. As of 31 December 2017, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB4.99 million in total. The difference between committed investment before and after fund raising was due to the deduction of issuance expense of RMB62.1250 million. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. Accordingly, this proceeds-financed project has an outstanding balance of proceed.

Note 4: Chaoyang District, Dongba Dandian secondary residential and primary school project has been basically completed. As of 31 December 2017, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB7.01 million in total. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. In addition, during the course of project construction, due to reasons such as further optimization of proposal design, decrease in market price of building materials such as reinforced concrete to a level lower than the estimated value, and application of unused self-financing funds towards early repayment of interest-bearing liabilities upon the receipt of proceeds, the cost of construction has decreased. Taking into account of the above factors, this proceeds-financed project has an outstanding balance of proceed.

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 31 December 2017, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB48.0057 million in total. During the implementation of project construction, the Company strictly followed the relevant requirements in relation to the use of proceeds and the proceeds raised were used prudently. Since the project was established at an earlier time, a significant amount of investment has been made by using self-financing funds at the preliminary stage. However, the proceeds can only be used to replace the investment made after the date of the resolution on non-public issuance of Shares by the 17th meeting of the third session of the Board of the Company. Accordingly, this proceeds-financed project has an outstanding balance of proceed.

Note 6: Nanjing City Jianye District Xinglong Street North A2 project is expected to be completed in April 2019. As of 31 December 2017, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB163.4815 million in total.

Note 7: Replenishment of working capital is for the pre-use plan of the allocation of proceeds from non-public issuance in accordance with the disclosures of "I. Plan of Use of Proceeds from Private Issuance" under section 4 "Analysis on the Feasibility of the Use of Proceeds by the Board" in "Proposal of Private Issuance of A Shares of BBMG Corporation" published on 27 March 2015.

Note 8: Results achieved was calculated based on revenue.

USE OF IDLE PROCEEDS FOR TEMPORARY REPLENISHMENT OF WORKING CAPITAL

(I) 2013 Proposed Placing

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

In order to lower the finance expenses and enhance the capital utilization rate of the Company, pursuant to requirements under Article 11 of the Administrative Measures for Proceeds of Companies Listed on the Shanghai Stock Exchange (《上海證券交易所上市公司募集資金管理規定》) issued by the Shanghai Stock Exchange, the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the ninth meeting of the third session of the Board, the Company agreed to use RMB2,200 million from the idle proceeds as temporary replenishment of working capital. As at 9 April 2015, the Company had returned in full the proceeds of RMB2,200 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds.

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 eighteenth meeting of the third session of the Board, the Company agreed to use RMB2,200 million from the idle proceeds as temporary replenishment of working capital. The above idle proceeds used for temporary replenishment of working capital has a term of not more than 12 months from the date on which the Board considered and approved the use. The independent directors, supervisory board and sponsors of the Company have expressed their consent opinions towards this proposal. As at 18 March 2016, the Company had returned in full the proceeds of RMB2,200 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds.

3. 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, 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, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, independent directors and supervisory board of the Company have expressed their consent opinions towards this proposal and made an announcement accordingly.

As at 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.

4. Certain idle proceeds used for replenishment of working capital

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds by the Company" considered and passed at the sixteenth meeting of the fourth session of the Board, the Company agreed to use RMB400 million from the idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, independent director and supervisory board of the Company have expressed their consent opinions towards this proposal.

As at 26 March 2018, the Company had returned in full the proceeds of RMB400 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds.

(II) 2015 Proposed Placing

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

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the second meeting of the fourth session of the Board, the Company agreed to use RMB2,650 million from the idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, independent directors and supervisory board of the Company have expressed their consent opinions towards this proposal.

As at 25 October 2016, the Company had returned in full the proceeds of RMB2,650 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds.

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 fifteenth meeting of the fourth session of the Board, the Company agreed to use not more than RMB1,800 million from the idle proceeds as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, independent directors and supervisory board of the Company have expressed their consent opinions towards this proposal.

As at 24 October 2017, the Company had returned in full the proceeds of RMB1,800 million, which were used for the temporary replenishment of working capital, to the designated account for proceeds.

3. *Certain 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 twenty-fourth meeting of the fourth session of the Board, the Company agreed to use proceeds of RMB1,500 million as temporary replenishment of working capital, for a term not more than 12 months from the date on which the Board considered and approved the use. The sponsor, independent director and supervisory board of the Company have expressed their consent opinions towards this proposal and made an announcement accordingly.

In the announcements, the Company undertook that the use of idle proceeds for replenishment of working capital would not change or essentially change the use of proceeds while temporary replenishment of working capital was only limited to the use in the production and operation related to principal business and would not be used in placing and subscription of new shares or in the transactions such as securities and its derivative form and convertible bonds, through direct or indirect arrangements. It also undertook that in order to ensure the progress of the proceeds-financed projects, the Company would return the proceeds to the designated account for proceeds with the self-financing funds or bank loans by the time when the projects need the proceeds.

DISCLOSEABLE TRANSACTIONS DURING THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 31 May 2016, 29 June 2016, 6 July 2016 and 4 August 2016 (the "**Original Proposal Announcements**"), the announcements of the Company dated 28 December 2017 and 7 February 2018 (the "**Adjusted Proposal Announcements**") and the circular of the Company dated 29 July 2016 (the "**2016 Circular**") relating to, among other things, the Equity Restructuring and Asset Restructuring of Jidong Development and Jidong Cement. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Original Proposal Announcements, Adjusted Proposal Announcements and 2016 Circular.

On 11 October 2016, the Company completed the Equity Restructuring. As disclosed in the 2016 Circular, the Asset Restructuring was subject to the approval by the CSRC. Due to change of internal and external circumstances, the approval of the CSRC of the Asset Restructuring is not expected to be obtained. Therefore, on 28 December 2017, the Company and Jidong Cement entered into (i) the Termination Agreement to terminate the Asset Restructuring, pursuant to which the parties agreed to terminate the Share Issuance and Asset Purchase Agreement, the Profit Compensation Agreement and the Original Entrustment Agreement.; and (ii) the Framework Agreement in relation to the establishment of the JV Company. In contemplation of the transactions under the Framework Agreement, on 28 December 2017, the Company and the Vendors also entered into the Equity Transfer Agreements, pursuant to which the Company shall purchase, and the Vendors shall sell, an aggregate of 49.0% equity interests in BBMG Mangrove (a subsidiary of the Company), upon completion of which the Company shall hold 100% of the equity interests in BBMG Mangrove. On 7 February 2018, further to the Framework Agreement, the Company and Jidong Cement entered into (i) the Joint Venture Agreement in relation to the establishment of the JV Company; (ii) the Performance Compensation Agreement in relation to the performance compensation undertaking provided by the Company to Jidong Cement in respect of the Target Mining Rights and the Target Patents and Software Copyrights; and (iii) the Trademark Licence Agreement. The Transaction Agreements will be beneficial to the Company in terms of enhancement of access to capital markets to finance the future growth and expansion of business operations. In addition, there will be more defined business focus between the Company and Jidong Cement and an increase in management focus and efficiency in resource allocation. The entering into of the Transaction Agreements can enhance the Company's return on investment as the future returns from the Company's indirect investment in Jidong Cement as a result of the above factors. The Equity Transfer Agreements will allow the Company to acquire the remaining 49% equity interests in BBMG Mangrove, and facilitate the injection of 100% equity interest in BBMG Mangrove to the JV Company.

For details of the above mentioned agreements and discloseable transactions entered into during the Reporting Period, please refer to the Adjusted Proposal Announcements.

Since the adjusted proposal (the "**Adjusted Proposal**") mentioned in the Adjusted Proposal Announcements, if materialized, will result in the disposal of the equity interests in the 10 Injected Companies held by the Company and the Entrusted Companies (all of which are subsidiaries of the Company) to Jidong Cement, which is a company listed on the Shenzhen Stock Exchange and a non-wholly owned subsidiary of the Company, the Adjusted Proposal constitutes a spin-off under Practice Note 15 of the Listing Rules. On 28 March 2018, the Hong Kong Stock Exchange has confirmed that the Company may proceed with the Adjusted Proposal. For details of the Adjusted Proposal as confirmed by the Stock Exchange, please refer to the Company's announcement dated 28 March 2018.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Save as disclosed above under the section headed "Discloseable Transactions During the Reporting Period" for the proposed establishment of the JV Company and the acquisition of all the minority interests of BBMG Mangrove under the Equity Transfer Agreements, the Group had not conducted any substantial acquisition or disposal of subsidiaries, associates or joint ventures that were required to be disclosed during the Reporting Period.

CONNECTED TRANSACTION

During the Reporting Period, the Group had not conducted any connected transaction that was required to be disclosed.

PLEDGE OF ASSETS

As at 31 December 2017, certain of the Group's inventories, fixed assets, investment properties, land use rights, equity interest and bills receivable amounting to RMB31,053.8 million in aggregate (as at 31 December 2016: RMB24,050 million) were pledged to secure short-term and long-term loans of the Group, which accounted for approximately 13.4% of the total assets of the Group (as at 31 December 2016: 11.5%).

CONTINGENCIES

Unit: RMB

		As at 31 December 2017	As at 31 December 2016
Provision of guarantee on mortgage to third parties	*Note 1*	**12,052,621,076.05**	11,567,845,119.91
Provision of guarantee on loans and others to third parties	*Note 2*	**4,824,000,000.00**	4,644,000,000.00
		16,876,621,076.05	16,211,845,119.91

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: In 2017, Jidong Group, a subsidiary of the Group, provided guarantees on the borrowings of RMB2,450,000,000.00 and the borrowings of RMB2,374,000,000.00 for Tangshan Nanhu Eco-City Construction Investment Development 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.

In addition, Jidong Cement, a subsidiary of the Group, collaborated with downstream customers and banks to operate the future delivery rights financing business, pursuant to which, the enterprises (including concrete enterprises and others) will pay a certain proportion of guarantee fund to the bank for the issuance of bank acceptance bills with a term of not more than 6 months as settlement of cost of goods of Jidong Cement. In the event that the enterprises (including concrete enterprises and others) fail to pay up in full the remaining balance of guarantee fund when the bills fall due, the bank has the right to require Jidong Cement to refund the corresponding portion of cost of goods. As at 31 December 2017, the contingent liabilities of the business commitment of Jidong Cement totaled RMB20.4 million.

COMMITMENTS

Unit: RMB

	As at 31 December 2017	As at 31 December 2016
Contracted but not provided for:		
Capital commitments	**240,456,042.76**	542,376,549.90
Property development contracts	**6,402,057,932.69**	11,085,389,938.29
	6,642,513,975.45	11,627,766,488.19

The significant commitments made by the Group as at 31 December 2016 had been duly performed as previously undertaken.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal control procedures, which is in the best interest of the Group and its shareholders.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For the significant events after the balance sheet date of the Company, please refer to the "Discloseable Transactions During the Reporting Period" above for the details of the following agreements entered into with Jidong Cement on 7 February 2018: (i) the Joint Venture Agreement in relation to the establishment of the JV Company; (ii) the Performance Compensation Agreement in relation to the performance compensation undertaking provided by the Company to Jidong Cement in respect of the Target Mining Rights and the Target Patents and Software Copyrights; and (iii) the Trademark Licence Agreement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group had 52,321 employees in total (as at 31 December 2016: 49,721 employees). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB3,273.1 million (for the year ended 31 December 2016: RMB2,208.5 million), representing an increase of approximately 48.2%.

In order to adapt to the needs for the Company's strategic development, the Company motivated the staff to continuously enhance their personal ability and performance, so as to enhance organizational performance and corporate operating results, thereby further achieving synergetic growth of the staff income and economic benefits, and strengthening the core competitiveness and creativity for the development of the Company on an ongoing basis. The Company has established a fairer and more reasonable, scientific and standardized remuneration and benefit system for employees by making continuous improvement on the same. The adaptability and effectiveness of remuneration policy towards the Company's business development has played an active role in maintaining the capacity for the sustained robust development of the Company. Given the actual situation of the Company and the varied features of business developments of its subsidiaries, with a view to executing the remuneration and benefit programme in a more flexible and efficient manner, the Company's remuneration policy was mainly implemented in certain forms set out as follows:

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

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

TRAINING SCHEME

The Company's training program encompasses theoretical study classes for department heads and cadres in factories, backup team training for talents of three supports (supporting agriculture, education and health), training for grassroots party workers, training for directors, supervisors and senior management members, training for investor relation, training for orientation of college graduates, training for human resource managers, training regarding legal common knowledge, continuing training in internal audit, training in safety production, training in petition business and training for chief employees, covering a total of 13,740 people.

The statistics of the profession composition of the employees (as at 31 December 2017)

Employee profession	Number of employees
Production personnel	27,494
Sales personnel	4,090
Technical personnel	10,961
Financial personnel	1,825
Administrative personnel	6,291
Other personnel	1,660
Total	52,321

The statistics of the education level of the employees (as at 31 December 2017)

Education level	Number of employees
Postgraduate or higher	909
Undergraduate	12,335
Tertiary college graduate	11,776
Secondary vocational school graduates or lower qualifications	27,301
Total	52,321

FOREIGN EXCHANGE RISK MANAGEMENT

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

TREASURY POLICIES

The Group adopts conservative treasury policies and controls tightly its cash and risk management. The Group's cash and bank balances are held mainly in RMB. Surplus cash is generally placed in short term deposits denominated in RMB.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as was known to the Directors, as at 31 December 2017, shareholders of the Company who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
A Shares	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	168,580,960	7.21	2.02
H Shares	Platinum Investment Management Limited	Trustee	98,416,084	4.21	1.18
		Investment manager	18,566,716	0.79	0.22
		Total:	116,982,800	5.00	1.40

Note 1: The Center is a collectively-owned enterprise established under the laws of the PRC with registered capital fully paid up by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Note 2: The Beijing SCOM Center is interested in 105,749,102 A Shares 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).

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	214,000	0.01	0.00

Save as disclosed above, as at 31 December 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 OFFICER IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, the interests or short positions of the Directors, supervisors or chief executive officer of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register of interests required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, were as follows:

Name of director	Capacity	Number of A Shares held	Number of H Shares held	Percentage of the issued share capital of the Company
Jiang Deyi	Beneficial owner	63,000	–	0.00%
Wu Dong	Beneficial owner	60,000	–	0.00%

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the model code for securities transactions by the Directors, supervisors and relevant employees on terms no less exacting than the required standards set out in the Model Code. Relevant employees who are likely to be in possession of unpublished inside information of the Company in relation to the purchase and sale of the securities of the Company are also required to comply with the Model Code.

As at 31 December 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 Reporting Period. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

CORPORATE GOVERNANCE CODE

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

During the Reporting Period, the Company had applied the laws and regulations of the places where it operates its business as well as the regulations and guidelines stipulated by regulatory authorities such as the China Securities Regulatory Commission, the Hong Kong Securities and Futures Commission, the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company had applied the principles and complied with all the code provisions of the corporate governance code (the "**CG Code**"), as amended from time to time, set out in Appendix 14 to the Listing Rules during the Reporting Period as its own code on corporate governance practices. During the Reporting Period, the Company had reviewed its corporate governance documents and is of the view that the Company had fully complied with the code provisions of the CG Code.

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

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

CHANGE OF THE CHINESE NAME AND CHINESE STOCK SHORT NAME OF THE COMPANY

As the gratuitous transfer (the "**Gratuitous Transfer**") of state-owned A shares of the Company from BBMG Group Company Limited (being the original controlling shareholder) to Beijing Stated-owned Capital Operation and Management Center (北京國有資本經營管理中心) ("**Beijing SCOM Center**") was completed on 29 December 2016, Beijing SCOM Center has become the controlling shareholder of the Company through the Gratuitous Transfer. Hence, in accordance with the requirements to deepen the comprehensive reformation of state-owned enterprises and to promote the realization of the overall development strategic objective and extend the social brand awareness of "BBMG Group", in order to streamline the management structural mechanism for the Company and BBMG Group Company Limited and enhance the operational efficiency and economic momentum of the Company, in accordance to the requirements of the relevant laws, administrative regulations and listing rules of the listing markets of the Company, the Company changed its Chinese name from "北京金隅股份有限公司" to "北京金隅集團股份有限公司" according to the proposal of Beijing SCOM Center, the controlling shareholder of the Company, and based on the Company's strategic positioning for future development with an emphasis on its core competitive advantages. The Board considers that the proposed change of the

Chinese name of the Company is in the interests of the Company and the shareholders of the Company (the "**Shareholders**") as a whole. Meanwhile, in order to align with the change of the Chinese name of the Company, the Company has proposed to change the Company's Chinese stock short name from "金隅股份" to "金隅集團" upon completion of the change of the Company's Chinese name. The ordinary resolution in relation to the proposed change of the Company's Chinese name and Chinese stock short name was passed at the 2017 second extraordinary general meeting (the "**2017 Second Extraordinary General Meeting**") held on 15 December 2017. The Company has received the new business license of the Company issued by the Beijing Administration for Industry and Commerce on 19 December 2017. The change of the Company's Chinese name has become effective from 19 December 2017. On 9 January 2018, the Company received from the Companies Registry of Hong Kong the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company reflecting the change of Chinese name of the Company. The change of the Company's Chinese stock short name took effect on 19 January 2018. For details of the change of the Company's Chinese name and Chinese stock short name, please refer to the announcements of the Company dated 27 October 2017, 15 December 2017, 22 December 2017 and 15 January 2018 and the circular of the Company dated 30 October 2017.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As the Gratuitous Transfer was completed on 29 December 2016, Beijing SCOM Center has become the controlling shareholder of the Company through the Gratuitous Transfer. In order to further maintain the accuracy and timeliness of the Articles of Association of the Company (the "**Articles of Association**"), the Board announced that it is necessary to make amendments to the Articles of Association in accordance with the relevant laws, administrative regulations and listing rules at the locality where the Company is listed and with reference to the actual circumstances. The proposed amendments to the Articles of Association have been approved as a special resolution by the Shareholders at the 2017 Second Extraordinary General Meeting and took effect on 15 January 2018. Please refer to the announcements of the Company dated 27 October 2017 and 15 December 2017 and the circular of the Company dated 30 October 2017 for details of the amendments to the Articles of Association.

BOARD COMPOSITION

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

The Board received a resignation letter from Mr. Zang Feng (who was elected democratically by the staff and workers of the Company as the executive Director) because he has reached the age of retirement on 27 June 2017 in respect of his duty as the executive Director of the Company and the member of the Remuneration and Nomination Committee with effect from 27 June 2017. Upon the resignation of Mr. Zang Feng, Mr. Guo Yanming was elected democratically by the staff and workers of the Company as the non-executive Director of the Company with effect from 27 June 2017 as Mr. Guo Yanming has fulfilled the relevant requirements and his appointment as the non-executive Director of the Company is not subject to election at a general meeting. Mr. Guo Yanming was also appointed as the member of the Audit Committee of the Company on 15 August 2017. The term of appointment of Mr. Guo Yanming as the non-executive Director will be for a period commencing from the date of his appointment and expiring on the date of the annual general meeting of the Company for the year of 2017.

At the 2017 first extraordinary general meeting (the "**2017 First Extraordinary General Meeting**") held on 15 August 2017, the resolution in relation to the appointment of Mr. Zeng Jin and Mr. Zheng Baojin as the executive Directors has been approved. Mr. Zeng Jin and Mr. Zheng Baojin were also appointed as the members of the Strategic Committee of the Company on 15 August 2017. The term of appointment of Mr. Zeng Jin and Mr. Zheng Baojin as the executive Directors will be for a period commencing from the 2017 First Extraordinary General Meeting and expiring on the date of the annual general meeting of the Company for the year of 2017.

At the 2017 Second Extraordinary General Meeting, the resolution in relation to the appointment of Mr. Yu Zhongfu as the non-executive Director has been approved. Mr. Yu Zhongfu was also appointed as the member of the Audit Committee of the Company on 28 December 2017. The term of appointment of Mr. Yu Zhongfu as the non-executive Director will be for a period commencing from the 2017 Second Extraordinary General Meeting and expiring on the date of the annual general meeting of the Company for the year of 2017.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the CG Code with written terms of reference, aiming at (among other things) reviewing and supervising the Group's financial reporting procedures. The Audit Committee consists of two non-executive Directors and four independent non-executive Directors. At a meeting convened on 28 March 2018, the Audit Committee reviewed and considered the consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also recommended the Board to adopt the Group's consolidated financial statements for the Reporting Period.

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

REMUNERATION AND NOMINATION COMMITTEE

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

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members for H Shares of the Company will be closed from 25 April 2018 (Wednesday) to 24 May 2018 (Thursday), both days inclusive, for the purpose of determining entitlements of the Shareholders the right to attend and vote at the AGM. In order to qualify for the right to attend and vote at the forthcoming AGM of the Company to be held on 24 May 2018 (Thursday), all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 April 2018 (Tuesday).

Subject to the approval of the final dividend at the forthcoming AGM, the transfer books and register of members for H Shares of the Company will be closed from 2 June 2018 (Saturday) to 7 June 2018 (Thursday), both days inclusive, for the purpose of determining entitlements of the Shareholders the right to receive the final dividends for the Reporting Period. In order to qualify for the right to receive the final dividends for the Reporting Period, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 1 June 2018 (Friday).

APPRECIATION

Lastly, on behalf of the Board, I would like to express my gratitude to the Shareholders and business partners of the Group for their support and assistance over the Reporting Period. I hope to continue walking hand-in-hand and creating a win-win future with you in the new voyage.

By order of the Board
BBMG Corporation*
Jiang Deyi
Chairman

Beijing, the PRC
29 March 2018

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 directors of the Company are Guo Yanming and Yu Zhongfu; and the independent non-executive directors of the Company are Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.