BBMG 金隅

北京金隅股份有限公司
BBMG Corporation*

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

- Operating revenue of RMB47,738.8 million, an increase of 16.6% from 2015
- Gross profit margin from principal business of 23.0%, a decrease of 2.3 percentage points from 2015
- Net profit of RMB2,690.3 million, an increase of 37.9% from 2015
- Net profit attributable to the shareholders of the parent company of RMB2,686.7 million, an increase of 33.2% from 2015
- Core net profit attributable to the shareholders of the parent company (excluding the after tax net fair value gains on investment property) of RMB2,239.0 million, an increase of RMB673.2 million or 43.0% from 2015
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.25
- The Board proposed a final dividend of RMB0.046 per share for the year ended 31 December 2016

* *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 2016 (the "**Reporting Period**") together with the comparative figures for the year of 2015. 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 RMB2,686.7 million, representing an increase of approximately 33.2% over the last year; basic earnings per share was approximately RMB0.25 (for the year ended 31 December 2015: RMB0.20 (adjusted for bonus issue)), representing an increase of approximately 25.0% over the last year; total equity attributable to the shareholders of the parent company was approximately RMB44,200.5 million as at the end of the Reporting Period, representing an increase of approximately RMB6,117.5 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 RMB4.14, representing an increase of approximately RMB0.58 from the beginning of the Reporting Period (net asset value per share as at the beginning of the Reporting Period has been adjusted for bonus issue).

DIVIDEND

The Board recommended a final dividend of RMB0.046 per share for the Reporting Period (for the year ended 31 December 2015: RMB0.015 (adjusted for bonus issue)), subject to approval by the shareholders at the forthcoming annual general meeting to be held on 17 May 2017 (Wednesday) (the "**AGM**").

Subject to and upon the approval of the shareholders at the forthcoming AGM, the final dividend for the Reporting Period is expected to be distributed on or around 17 July 2017 (Monday) to the holders of H shares (the "**H Shares**") whose names appear on the register of members on 31 May 2017 (Wednesday) (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 2016 Audited**	For the year ended 31 December 2015 Audited
Operating revenue	*4*	**47,738,772,726.96**	40,925,340,861.40
Less: Operating costs	*5*	**36,542,047,502.53**	30,526,041,342.13
Business tax and surcharges		**1,570,844,106.31**	2,178,441,374.93
Selling expenses	*6*	**1,854,235,365.55**	1,546,158,440.90
Administrative expenses	*7*	**3,807,863,279.50**	2,973,810,596.33
Finance costs	*8*	**1,603,501,301.02**	1,335,546,194.47
Asset impairment losses		**414,983,653.40**	447,911,026.68
Add: Gains from changes in fair value		**592,679,140.75**	602,186,288.95
Investment gains/(losses)		**641,527,977.78**	(17,625,136.86)
Including: Share of gains/(losses) of associates and joint ventures		***108,900,509.77***	*(17,693,887.39)*
Operating profit		**3,179,504,637.18**	2,501,993,038.05
Add: Non-operating revenue	*4*	**888,286,340.70**	742,138,704.67
Including: Gains from disposal of non-current assets		***100,137,328.22***	*12,401,002.69*
Less: Non-operating expenses	*5*	**391,259,504.36**	61,477,248.64
Including: Loss on disposal of non-current assets		***219,086,802.44***	*37,467,850.47*
Total profit		**3,676,531,473.52**	3,182,654,494.08
Less: Income tax expenses	*9*	**986,183,712.30**	1,231,586,696.28
Net profit		**2,690,347,761.22**	1,951,067,797.80
Net profit attributable to the shareholders of the parent company		**2,686,653,868.20**	2,017,453,761.39
Minority interests		**3,693,893.02**	(66,385,963.59)
Earnings per share	*10*		
Basic earnings per share (RMB/share)		**0.25**	0.20*
Diluted earnings per share (RMB/share)		**0.25**	0.20*

* *Restated*

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

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Unit: RMB

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 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	**23,664,304.00**	(32,351,891.00)
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	**7,393,864.80**	3,599,307.10
Changes in fair value of available-for-sale financial assets	**5,906,864.93**	–
Share of investee's other comprehensive income to be reclassified into profit or loss under the equity method	**(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	**(11,151,793.59)**	–
Net other comprehensive income after deducting impact of income tax	**25,792,351.92**	(28,752,583.90)
Net other comprehensive income after tax attributable to minority interests	**39,712,599.72**	–
Total comprehensive income	**2,755,852,712.86**	1,922,315,213.90
Including: Total comprehensive income attributable to the shareholders of the parent company	***2,712,446,220.12***	*1,988,701,177.49*
Total comprehensive income attributable to minority interests	***43,406,492.74***	*(66,385,963.59)*

CONSOLIDATED BALANCE SHEET

Unit: RMB

	Note	**As at 31 December 2016 Audited**	As at 31 December 2015 Audited
Assets			
Current Assets			
Cash and bank balances		**28,010,211,147.53**	18,369,880,691.10
Financial assets at fair value through profit or loss		**615,807,328.90**	–
Bills receivable		**3,857,028,994.07**	2,197,924,429.70
Accounts receivable	*12*	**8,889,912,604.49**	6,882,068,508.58
Prepayments		**4,968,682,354.70**	3,615,007,054.08
Interests receivable		**11,652,789.72**	6,716,763.51
Dividends receivable		**3,071,700.00**	3,922,700.00
Other receivables		**6,129,310,409.74**	1,998,699,709.21
Inventories		**64,111,234,886.21**	54,007,187,185.94
Other current assets		**2,881,813,184.06**	2,254,225,698.11
Total current assets		**119,478,725,399.42**	89,335,632,740.23
Non-current assets			
Available-for-sale financial assets		**2,498,348,403.92**	604,367,250.00
Long-term receivables		**207,709,788.90**	–
Long-term equity investments		**2,233,650,974.77**	305,693,498.67
Investment properties		**14,976,628,345.79**	14,444,803,327.98
Fixed assets		**45,773,283,593.75**	18,141,169,689.04
Construction in progress		**3,963,622,127.52**	1,249,188,812.32
Construction materials		**313,968,043.93**	7,281,479.06
Intangible assets		**11,350,165,626.93**	4,087,252,597.86
Goodwill		**2,749,770,521.44**	258,366,898.28
Long-term deferred expenditures		**960,198,551.90**	404,769,379.15
Deferred income tax assets		**2,695,681,312.01**	1,423,631,430.99
Other non-current assets		**1,195,364,185.45**	484,547,210.58
Total non-current assets		**88,918,391,476.31**	41,411,071,573.93
Total assets		**208,397,116,875.73**	130,746,704,314.16

CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	Notes	**As at 31 December 2016 Audited**	As at 31 December 2015 Audited
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*13*	**32,027,734,141.83**	16,805,996,379.53
Bills payable		**2,313,321,400.81**	436,477,804.74
Accounts payable	*14*	**12,311,643,681.22**	8,625,713,523.10
Receipts in advance		**23,462,497,764.75**	19,034,031,504.51
Wages payable		**400,092,413.18**	118,602,647.04
Tax payable		**1,829,789,141.33**	1,464,513,273.35
Interests payable		**799,032,866.63**	429,133,043.75
Dividends payable		**202,581,371.25**	55,274,219.13
Other payables		**5,980,694,327.60**	3,078,563,379.11
Short-term financing bonds payable	*15*	**3,000,000,000.00**	6,000,000,000.00
Non-current liabilities due within one year		**6,897,420,505.71**	3,907,504,794.13
Other current liabilities		**5,739,382,129.82**	5,230,763,450.32
Total current liabilities		**94,964,189,744.13**	65,186,574,018.71
Non-current liabilities			
Long-term loans	*16*	**18,087,685,000.00**	6,888,600,000.00
Bonds payable	*15*	**21,279,396,543.45**	12,000,000,000.00
Long-term payables		**3,740,891,436.82**	19,054,327.53
Long-term wages payable		**722,768,832.46**	457,687,351.00
Accrued liabilities		**371,279,348.97**	136,446,352.28
Deferred income		**860,067,751,75**	628,921,179.69
Deferred income tax liabilities		**4,800,870,600.03**	2,645,986,691.73
Other non-current liabilities		**660,456,831.52**	601,559,996.42
Total non-current liabilities		**50,523,416,345,00**	23,378,255,898.65
Total liabilities		**145,487,606,089.13**	88,564,829,917.36

CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Equity attributable to shareholders		
Share capital	**10,677,771,134.00**	5,338,885,567.00
Other equity instruments	**4,982,000,000.00**	990,000,000.00
Capital reserve	**5,865,195,783.46**	11,579,704,575.56
Other comprehensive income	**231,839,701.65**	206,047,349.73
Specific reserve	**8,655,529.41**	8,896,481.87
Surplus reserve	**1,276,866,688.51**	1,053,285,969.67
General risk reserve	**178,039,195.99**	59,993,193.86
Retained earnings	**20,980,120,619.08**	18,846,160,038.86
Total equity attributable to the shareholders of the parent company	**44,200,488,652.10**	38,082,973,176.55
Minority interests	**18,709,022,134.50**	4,098,901,220.25
Total equity attributable to shareholders	**62,909,510,786.60**	42,181,874,396.80
Total liabilities and equity attributable to shareholders	**208,397,116,875.73**	130,746,704,314.16

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. 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 2016 and their financial performance and cash flows for 2016.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

(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 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

For the year ended 31 December 2015

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

Geographical information

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

Information about major customers

For the year ended 31 December 2016, 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 2015: Nil).

4. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Operating revenue from principal business	**46,793,384,648.28**	40,361,071,937.53
Operating revenue from other business	**945,388,078.68**	564,268,923.87
	47,738,772,726.96	40,925,340,861.40

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Sale of products	**17,122,472,271.65**	13,382,602,735.10
Bulk commodity trade	**6,817,904,203.52**	5,869,524,945.08
Sale of properties	**18,425,608,161.24**	17,096,637,178.00
Rental income	**1,352,901,012.50**	1,248,492,990.38
Including: Rental income from investment properties	***1,213,476,530.18***	*1,145,343,672.11*
Other rental income	***139,424,482.32***	*103,149,318.27*
Property management	**773,695,358.11**	705,691,227.79
Hotel management	**406,329,907.00**	391,815,398.00
Income from decoration	**820,021,019.71**	891,130,929.85
Disposal of solid waste	**528,251,017.41**	496,037,477.15
Revenue from services	**222,300,326.50**	244,045,228.53
Others	**1,269,289,449.32**	599,362,751.52
	47,738,772,726.96	40,925,340,861.40

Operating revenue from principal operations by product:

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Sale of products	**17,122,472,271.65**	13,382,602,735.10
Bulk commodity trade	**6,817,904,203.52**	5,869,524,945.08
Sale of properties	**18,425,608,161.24**	17,096,637,178.00
Rental income from investment properties	**1,213,476,530.18**	1,145,343,672.11
Property management	**773,695,358.11**	705,691,227.79
Hotel management	**406,329,907.00**	391,815,398.00
Income from decoration	**820,021,019.71**	891,130,929.85
Disposal of solid waste	**528,251,017.41**	496,037,477.15
Others	**685,626,179.46**	382,288,374.45
	46,793,384,648.28	40,361,071,937.53

Non-operating revenue is presented as follows:

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Gains from disposal of non-current assets	**100,137,328.22**	12,401,002.69
Including: Gains from disposal of fixed assets	***100,137,328.22***	*12,401,002.69*
Gains from debt restructuring	**12,467,529.14**	355,230.51
Net income from fines	**26,353,620.54**	22,411,293.21
Government grants	**596,050,569.52**	603,719,611.73
Unpayable amounts	**25,573,605.02**	43,227,144.91
Others	**127,703,688.26**	60,024,421.62
	888,286,340.70	742,138,704.67

5. **OPERATING COSTS AND NON-OPERATING EXPENSES**

Unit: RMB

Operating costs are presented as follows:

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Operating costs from principal business	**36,034,558,111.26**	30,133,279,924.52
Operating costs from other business	**507,489,391.27**	392,761,417.61
	36,542,047,502.53	30,526,041,342.13

Operating costs from principal operations by product:

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Sale of products	**13,723,306,660.79**	11,371,135,051.70
Bulk commodity trade	**6,762,104,377.80**	5,818,062,509.46
Sale of properties	**13,343,215,622.90**	10,787,934,499.47
Rental income from investment properties	**112,437,976.68**	124,662,506.88
Property management	**560,836,862.91**	502,901,078.00
Hotel management	**206,625,706.00**	209,692,894.00
Income from decoration	**756,494,489.75**	791,494,497.92
Disposal of solid waste	**340,783,269.17**	354,526,396.36
Others	**228,753,145.26**	172,870,490.73
	36,034,558,111.26	30,133,279,924.52

Non-operating expenses are presented as follows:

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Losses on disposal of non-current assets	**219,086,802.44**	37,467,850.47
Including: Losses on disposal of fixed assets	***52,185,626.15***	*37,467,850.47*
Loss on disposal of intangible assets	***97,543,056.66***	–
Loss on disposal of construction in progress	***54,667,818.32***	–
Loss on disposal of other non-current assets	***14,690,301.31***	–
Abnormal losses	**3,132,899.19**	405,418.66
Expenses on charity donation	**533,347.02**	1,276,461.61
Losses on compensation, penalties and fines	**15,678,952.77**	11,950,874.98
Others	**152,827,502.94**	10,376,642.92
	391,259,504.36	61,477,248.64

6. SELLING EXPENSES

Unit: RMB

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Employee remuneration	**535,015,675.80**	446,047,958.70
Transportation expenses	**439,203,005.47**	320,513,577.91
Advertisement fee	**305,005,270.87**	317,354,417.96
Agency intermediary fee	**280,570,752.86**	208,738,982.45
Office and service expenses	**152,850,427.70**	128,573,552.86
Lease fee	**114,546,454.76**	102,068,085.22
Others	**27,043,778.09**	22,861,865.80
	1,854,235,365.55	1,546,158,440.90

7. ADMINISTRATIVE EXPENSES

Unit: RMB

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Employee remuneration	**1,673,112,550.97**	1,393,839,121.58
Office expenses	**611,596,899.07**	440,079,067.66
R&D expenses	**108,510,227.76**	78,650,967.92
Intermediary service fees	**162,079,101.65**	108,661,624.04
Lease and utilities	**150,918,086.80**	122,874,716.78
Tax	**97,655,970.52**	209,233,685.11
Sewage and afforestation fees	**76,749,119.15**	58,029,388.63
Loss on shut down	**313,991,922.70**	123,840,192.26
Others	**613,249,400.88**	438,601,832.35
	3,807,863,279.50	2,973,810,596.33

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 2015: RMB10,500,000.00).

8. FINANCE COSTS

Unit: RMB

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Interest expense	**2,887,205,417.73**	2,406,286,038.10
Including: Interests on bank loans and other loans to be fully repaid within 5 years	***1,559,079,410.99***	*1,450,128,605.97*
Interests on bank loans and other loans to be repaid over 5 years	***8,854,551.00***	–
Less: Interest income	**(232,287,018.39)**	(47,628,427.86)
Less: Amount of interest capitalized *(Note)*	**(1,206,241,534.26)**	(1,110,494,903.59)
Exchange gains and losses	**(45,422,187.86)**	2,042,411.88
Handling charges	**106,905,239.45**	60,658,801.99
Others	**93,341,384.35**	24,682,273.95
	1,603,501,301.02	1,335,546,194.47

Note: The amount of capitalized interest has been included in construction in progress of RMB29,496,755.26 and costs for properties under development of RMB1,176,744,779.00 (for the year ended 31 December 2015: the amount of capitalised interest included in the balances of construction in progress of RMB3,382,813.59 and costs of properties under development of RMB1,107,112,090.00).

9. INCOME TAX EXPENSE

Unit: RMB

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Current income tax expense	**1,350,980,270.05**	1,155,258,542.69
Deferred income tax expense	**(364,796,557.75)**	76,328,153.59
	986,183,712.30	1,231,586,696.28

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

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Total profit	**3,676,531,473.52**	3,182,654,494.08
Income tax expense at the statutory income tax rate of 25% *(Note 1)*	**919,132,868.38**	795,663,623.52
Tax effect of different tax rates of some subsidiaries	**(2,402,312.20)**	(15,711,102.68)
Share of profits and losses of joint ventures and associates	**(32,799,719.25)**	4,423,471.85
Income not subject to tax	**(137,676.06)**	(157,251.41)
Expenses not deductible	**4,866,743.18**	12,441,699.66
Deductible temporary differences and deductible losses utilized from previous years	**(200,560,069.41)**	(46,655,369.56)
Adjustments on the current income tax of previous periods	**(14,643,561.75)**	(2,702,355.48)
Deductible temporary difference and deductible losses not recognized	**312,727,439.41**	484,283,980.38
	986,183,712.30	1,231,586,696.28

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 2016 were RMB10,746,301.13 and RMB5,809,822.61 respectively (for the year ended 31 December 2015: RMB76,594.94 and RMB3,840,940.14 respectively).

10. EARNINGS PER SHARE

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

The calculation of basic earnings per share is as follows:

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company *(RMB)*	**2,686,653,868.20**	2,017,453,761.39
Shares		
Weighted average number of ordinary shares in issue of the Company	**10,677,771,134**	10,170,598,738*
Basic earnings per share	**0.25**	0.20*

The Company did not have potentially dilutive ordinary shares.

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

11. DIVIDEND

	For the year ended 31 December 2016 *RMB'000* Audited	For the year ended 31 December 2015 *RMB'000* Audited
Proposed final dividend – RMB0.046 (for the year ended 31 December 2015: RMB0.015 (adjusted for bonus issue)) per ordinary share	**491,177**	160,167

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

12. ACCOUNTS RECEIVABLE

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

Unit: RMB

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Within 1 year	**6,894,980,054.45**	6,072,110,469.07
1 to 2 years	**2,129,770,460.66**	872,466,170.96
2 to 3 years	**953,036,198.04**	218,502,537.36
3 to 4 years	**469,194,740.39**	117,006,323.13
4 to 5 years	**294,129,504.80**	28,851,473.78
Over 5 years	**399,677,696.18**	78,599,393.66
	11,140,788,654.52	7,387,536,367.96
Less: Provision for bad debt of accounts receivable	**2,250,876,050.03**	505,467,859.38
	8,889,912,604.49	6,882,068,508.58

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

	For the year ended 31 December 2016 Audited	For the year ended 31 December 2015 Audited
Opening balance for the year	**505,467,859.38**	380,590,250.26
Provision for the year	**284,726,525.58**	196,714,939.06
Transfer in on acquisition of subsidiaries	**1,714,725,707.39**	150,000.01
Reversal for the year	**(232,156,263.77)**	(71,449,815.17)
Write-off for the year	**(7,541,648.07)**	(537,514.78)
Transfer out on disposal of subsidiaries	**(14,346,130.48)**	–
Closing balance at the end of the year	**2,250,876,050.03**	505,467,859.38

13. SHORT-TERM LOANS

Unit: RMB

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Guaranteed loans *(Note)*	**1,321,700,000.00**	157,000,000.00
Credit loans	**29,927,226,954.83**	16,100,600,000.00
Mortgaged loans	**23,000,000.00**	535,665,814.17
Pledged loans	**755,807,187.00**	12,730,565.36
	32,027,734,141.83	16,805,996,379.53

Note: As at 31 December 2016, guaranteed loans were guaranteed by entities within the Group.

As at 31 December 2016, the interest rates of the above loans were 3.30%-8.00% per annum (as at 31 December 2015: 3.95%-8.0%).

As at 31 December 2016, the Group had no outstanding short-term loans that were due. All short-term loans would be due within one year.

14. ACCOUNTS PAYABLE

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

Unit: RMB

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Within 1 year	**9,780,749,251.40**	6,989,394,579.52
1 to 2 years	**1,505,470,010.48**	1,018,700,066.17
2 to 3 years	**425,198,933.54**	282,319,386.90
Over 3 years	**600,225,485.80**	335,299,490.51
	12,311,643,681.22	8,625,713,523.10

15. SHORT-TERM FINANCING BONDS PAYABLE AND BONDS PAYABLE

Unit: RMB

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Corporate bonds	**11,880,492,387.25**	1,893,054,949.10
Medium-term notes	**7,000,000,000.00**	7,000,000,000.00
Private placement bonds	**6,794,086,497.21**	5,200,000,000.00
Closing balance as at the end of the year	**25,674,578,884.46**	14,093,054,949.10
Including: Bonds payable due within one year	***4,395,182,341.01***	*2,093,054,949.10*
Non-current portion	**21,279,396,543.45**	12,000,000,000.00
Analysis of maturity of bonds payable:		
Within 1 year (inclusive of 1 year)	**4,395,182,341.01**	2,093,054,949.10
1 to 2 years (inclusive of 2 years)	**9,865,164,155.24**	2,000,000,000.00
2 to 5 years (inclusive of 5 years)	**8,826,521,280.97**	10,000,000,000.00
Over 5 years	**2,587,711,107.24**	–
	25,674,578,884.46	14,093,054,949.10
Current portion:		
Short-term financing bonds	**3,000,000,000.00**	6,000,000,000.00

As at 31 December 2016, the short-term financing bonds above would be due within one year.

1) Pursuant to the approval document (Fa Gai Cai Jin [2009] No.1009) issued by National Development and Reform Commission on 27 April 2009, the Company issued the 2009 corporate bonds of BBMG Corporation (**"2009 BBMG Bond**") in open market, totaling RMB1,900,000,000 with a coupon rate of 4.32%. Bond holders may exercise their sale back rights on 27 April 2014, being the 5-year maturity date. On 11 April 2014, the Company published a notice through China Bond Information Network reminding investors of 2009 BBMG Bond (098064) to exercise their sale back rights. Of the total, the amount of bonds on which bond holders exercised their sale back rights was RMB1,370,000,000, and the amount of bonds on which bond holders did not exercise such rights was RMB530,000,000. In respect of the RMB1,370,000,000 worth of bonds on which sale back rights were exercised, the Company re-sold such portion of bonds with the agreed nominal interest rate remained at 4.32% on 27 April 2014, and actual interest rate was 6.15%. The maturity date of the original RMB530,000,000 worth of bonds and the RMB1,370,000,000 worth of bonds re-sold was 27 April 2016.

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

3) Upon consideration and approval by the 19th meeting of the 2nd session of the Board held on 28 August 2012 and the first extraordinary general meeting in 2012 held on 26 October 2012, the Company intended to issue short-term financing bonds of no more than RMB7,600,000,000. Pursuant to the document Zhong Shi Xie Zhu [2014] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of short-term financing bonds for 2014 on 23 January 2014, totaling RMB2,600,000,000 with a coupon of 6.5%; the Company issued its second tranche of short-term financing bonds for 2014 on 17 March 2014, totaling RMB2,000,000,000 with a coupon of 5.49%; the Company issued its third tranche of short-term financing bonds for 2014 on 4 May 2014, totaling RMB1,000,000,000 with a coupon of 5.35%; and the Company issued its fourth tranche of short-term financing bonds for 2014 on 1 September 2014, totaling RMB1,000,000,000 with a coupon of 4.97%. In 2015, the short-term financing bonds above were fully repaid.

4) 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%.

5) 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%.

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

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

8) Upon consideration and approval by the 17th meeting of the 3rd session of the Board held on 26 March 2015 and the 2014 annual general meeting of the Company held on 27 May 2015, the Company intended to issue short-term financing bonds of no more than RMB10,000,000,000. Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP219 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of 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 National Association of Financial Market Institutional Investors, the Company issued its first tranche of short-term financing bonds for 2015 on 14 October 2015, totaling RMB2,000,000,000 with a term of 366 days and a coupon rate of 3.39%. During the Reporting Period, all short-term financing bonds had been repaid.

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

10) 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 super short-term financing bonds for 2016 on 21 April 2016, totaling RMB2,000,000,000 with a term of 180 days and a coupon rate of 3.37%; the Company issued its second tranche of super short-term 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%.

11) 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%.

12) 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, totaling RMB800,000,000 with a term of 7 years and a coupon rate of 6.3%.

13) 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.

14) 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%.

15) Pursuant to the approval of the Reply in relation to National Development and Reform Commission Agreeing the Issuance of Corporate Bonds for 2017 by Jidong Cement (Fa Gai Cai Jin [2007] No. 1814) issued by National Development and Reform Commission and document (Ji Fa 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.

16) 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) with the sale back period starting from 20 March 2017.

17) 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.

18) 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.

19) 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 Group issued the first tranche of private placement debt financing instruments of Jidong Development Group Co., Ltd. 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.

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

16. LONG-TERM LOANS

Unit: RMB

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Mortgaged loans	**7,212,507,602.00**	5,019,000,000.00
Guaranteed loans	**4,389,480,000.00**	912,000,000.00
Credit loans	**5,042,565,000.00**	2,767,600,000.00
Pledged loans	**3,000,000,000.00**	–
Closing balance	**19,644,552,602.00**	8,698,600,000.00
Less: Long-term loans due within one year	***1,556,867,602.00***	*1,810,000,000.00*
Non-current portion	**18,087,685,000.00**	6,888,600,000.00

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Analysis of maturity of long-term loans as at the balance sheet date:		
Current or within one year	**1,556,867,602.00**	1,810,000,000.00
Over one year but not more than two years	**3,431,720,000.00**	506,000,000.00
Over two years but not more than five years	**6,484,365,000.00**	2,137,600,000.00
Over five years	**8,171,600,000.00**	4,245,000,000.00
	19,644,552,602.00	8,698,600,000.00

As at 31 December 2016, the above loans bore interest rates of 1.2%-10.34% per annum (as at 31 December 2015: 1.2%-6.55%).

17. NET CURRENT ASSETS

Unit: RMB

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Current assets	**119,478,725,399.42**	89,335,632,740.23
Less: Current liabilities	**94,964,189,744.13**	65,186,574,018.71
Net current assets	**24,514,535,655.29**	24,149,058,721.52

18. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Total assets	**208,397,116,875.73**	130,746,704,314.16
Less: Current liabilities	**94,964,189,744.13**	65,186,574,018.71
Total assets less current liabilities	**113,432,927,131.60**	65,560,130,295.45

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 2016, and the operating results of the Company during the said period for your review.

Review

During the Reporting Period, confronted with complicated and challenging external environment, the Company actively adapted to the new economic normal and adhered to the key note of making progress while maintaining stability. Grasping the right market trends and focusing on innovative development, the Company strived to forge ahead in accordance with the trend and closely monitor tasks in relation to production and operation. Meanwhile, more efforts have been made to push forward the transfer of industrial functions of the Beijing capital city, implementation of supply-side structural reform, the synergistic development of Beijing, Tianjin and Hebei Province and the construction of the sub-town centre of Beijing, as well as to fully exert its function of serving the capital city. As such, the economy maintained stable and sound growth during the year. In particular, the strategic restructuring between BBMG and Jidong Group (collectively “**BBMG-Jidong**”) was successfully conducted, therefore enhancing the concentration of the clinker and cement industry in Beijing, Tianjin and Hebei Province and regulating the order of the regional cement business market. This also helped establish the third largest cement enterprise in the state and increased the operating efficiency significantly. During the Reporting Period, the Company recorded operating revenue of RMB47,738.8 million, representing a year-on-year increase of 16.6%; net profit attributable to the shareholders of the parent company amounted to RMB2,686.7 million, representing a year-on-year increase of 33.2%; basic earnings per share attributable to the shareholders of the parent company amounted to RMB0.25, marking a brilliant start for the “13th Five-Year” Plan of the Company.

Prospects

Under the new normal, the national economy is still under huge downside pressure; however, there is no change in the fundamental situation of favorable economic development in the long run. Basic features such as strong economic resilience, great potential and ample room for maneuver also remained unchanged, and there are still sound foundation and conditions favorable for continuous economic growth. China is still at the major development stage of strategic opportunities with forward momentum for economic structural adjustment and optimization. Furthering the implementation of supply-side structural reform will provide strong support to the stability of the economy while the national strategy “One Belt and One Road” and the policies and measures such as the synergistic development of Beijing, Tianjin and Hebei Province as well as the construction of Beijing Subsidiary City Center will boost the market demand for the relevant products. For BBMG, continuous optimisation of industrial layout, significant enhancement of control over core areas and continuous innovation of management systems and mechanisms will provide strong support for industrial development.

After the restructuring of BBMG-Jidong, the Company's cement and ready-mixed concrete segment will bring into play the advantages of its leading position and effects as role model in the cement sector of Beijing, Tianjin and Hebei Province to regulate market orders and promote industry consolidation, thereby forming the market landscape and development trend of BBMG-Jidong that aims at enhancing business strengths in core areas, improving quality in key areas and activating the regional network. The modern building material and commerce and logistics segment will leverage advantages such as capital, technology and synergy of industrial chain to further increase the product concentration and industry concentration of the segment. The property development segment will further optimize the organizational management and control system of business divisions and city companies so as to continuously enhance operational capability and profitability and thus promote the large-scale development of BBMG's unique property operations. The property investment and management sectors will actively explore innovative paths for operation with consideration to the transfer of the industrial functions of the Beijing capital city.

Summary of Financial Information

	2016 *RMB'000*	2015 *RMB'000*	Change
Operating revenue	**47,738,773**	40,925,341	16.6%
Operating revenue from principal business	**46,793,385**	40,361,072	15.9%
Gross profit from principal business	**10,758,827**	10,227,792	5.2%
Gross profit margin from principal business	**23.0%**	25.3%	a decrease of 2.3 percentage points
Net profit attributable to the shareholders of the parent company	**2,686,654**	2,017,454	33.2%
Basic earnings per share attributable to the shareholders of the parent company (* adjusted for bonus issue)	**RMB0.25**	RMB0.20*	25.0%
Cash and banks balances	**28,010,211**	18,369,881	52.5%
Current assets	**119,478,725**	89,335,633	33.7%
Current liabilities	**94,964,190**	65,186,574	45.7%
Net current assets	**24,514,536**	24,149,059	1.5%
Non-current assets	**88,918,391**	41,411,072	114.7%
Non-current liabilities	**50,523,416**	23,378,256	116.1%
Total assets	**208,397,117**	130,746,704	59.4%
Equity attributable to the shareholders of the parent company	**44,200,489**	38,082,973	16.1%
Debt ratio (total liabilities to total assets) (%)	**69.8**	67.7	an increase of 2.1 percentage points

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

(I) Principal business and business model

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:

   After the strategic restructuring with Jidong Group, the Company has become the third largest cement enterprise in the country. The cement business of the Company continued to take Beijing, Tianjin and Hebei as its core strategic region, and continued to expand the coverage of its network, mainly with presence in 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 million tonnes; the production capacity of cement amounted to approximately 170 million tonnes; the production capacity of ready-mixed concrete and ready-mixed mortar amounted to approximately 78.0 million cubic meters and approximately 2.25 million tonnes respectively while the production capacity of grinding aids and admixtures amounted to approximately 38.5 million tonnes and approximately 0.34 million tonnes respectively. 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 cement in key regions and markets will be accelerated, 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. Meanwhile, the Company will insist to promote market expansion and strategic resources consolidation simultaneously, and has had over 1.7 billion tonnes of strategic resources reserve, such as limestone mine.

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. It has major product series, namely furniture and woods, wall body and insulation materials as well as decorative and fitting materials, among which, the production and sales of BBMG's aerated products ranked number three 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. Beijing Building Materials Trading Tower was named the "Number One Modern 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 two 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. In response to the needs of the construction of a sub-town center in Beijing, the Company took the initiative to be the major supplier for the construction materials required by the construction of the sub-town center project, and stationed in the construction site to organise and coordinate the work on securing the supply of construction materials. This has enhanced the image of the Company's new construction materials products in the market and made improvement to the aspects such as product quality, organisation and securing as well as management level, which has in turn facilitated the construction of BBMG International Logistics Park. As long as risks are under control, the Company can enhance the development of trade and logistics industry and proactively explore developed operating and marketing modes of e-commerce.

3. Property development business:

BBMG 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 14 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:

BBMG is the largest investor and manager of investment properties in Beijing holding approximately 1.2 million sq.m. of high-end properties (including 722,000 sq.m. of investment properties) 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

In 2016, the real estate market rebound and accelerated infrastructure projects have promoted the recovery of the cement market. The production of cement maintained growth at a low speed. The production of cement nationwide amounted to about 2.41 billion tonnes, representing a year-on-year growth of about 2.3%. In 2016, against the backdrop of accelerated supply-structural reform of the cement industry, the vigorous promotion of staggering cement production by the government, associations and large enterprises, the prices of cement continued to increase. The total profit of the cement industry for the year amounted to RMB51.8 billion, representing a year-on-year increase of approximately 55%. Meanwhile, the merger, acquisitions and market integration in the industry will continue to accelerate and the level of industry concentration will further increase.

2. *Property Development Industry*

In 2016, the policies on the real estate industry shifted from somewhat easing to continual tightening in hot cities. The housing prices in hot cities surged rapidly due to the accommodative monetary environment, the periodical tight supply and demand as well as the surging land price. The property prices became stable after tightening of the regulations. Market transactions for the whole year maintained at high level with turnover structure moving up obviously, and the land market in first- and second-tier cities remained hot. As evidenced by statistics provided by the National Bureau of Statistics of the PRC, investment in real estate development across the country aggregated RMB10,258.1 billion in 2016, representing a nominal increase of 6.9% over last year (and an actual increase of 7.5% over last year after adjusting for price changes), among which investment in residential properties was RMB6,870.4 billion, increased by 6.4% over the same period of last year, and the growth rate increased by 0.4%. Investment in residential properties accounted for 67.0% of aggregate investment in real estate development. Construction sites for corporate use reached 758.975 million sq.m., representing an increase of 3.2% over last year, among which 521.31 million sq.m. were area of construction sites for residential properties, which increased by 1.9%. Area of newly-started construction of real estate was 166.928 million sq.m., increasing by 8.1%. Of this, 115.911 million sq.m. were area of newly-started construction of residential properties, which increased by 8.7%. Area of completed real estate construction was 106.128 million sq.m., increasing by 6.1%. Of this, area of completed residential property construction was 77.185 million sq.m., up by 4.6%. Purchased land area by real estate development enterprises were 22.025 million sq.m. in 2016, decreasing by 3.4% over last year.

Area of sold commodity housing across the country in 2016 reached 157.349 million sq.m., increasing by 22.5% over last year. Of this, area of sold residential properties jumped 22.4%, area of offices sold 31.4% and area of properties sold for the purpose of commercial operation 16.8%. The sold commodity housing was valued at RMB11,762.7 billion, surging 34.8%, of which sales of residential properties rose 36.1%, sales of offices 45.8% and sales of properties for the purpose of commercial operation 19.5%. As at the end of 2016, area of commodity housing for sales was 69.539 million sq.m., drop by 3.2% as compared with that of the end of last year. Of this, area of residential properties for sale was 40.257 million sq.m., area of offices for sale was 3.631 million sq.m. and area of properties for the purpose of commercial operation for sale was 15.838 million sq.m., representing a decrease of 11.0%, an increase of 10.8% and an increase of 8% as compared to the end of last year respectively.

Summary of Business Information

	2016	2015	Change
1. Cement and Ready-mixed Concrete Segment			
Sales volume:			
Cement (in thousand tonnes)	**55,214**	39,260	40.6%
Concrete (in thousand cubic meters)	**13,209**	11,340	16.5%
2. Modern Building Materials and Commerce and Logistics Segment			
Sales volume:			
Stone wool boards (in thousand tonnes)	**27.0**	20.1	34.2%
3. Property Development Segment			
Booked GFA (in thousand sq.m.)	**1,156**	1,263	-8.5%
Presales (sales) GFA (in thousand sq.m.)	**1,179**	992	18.9%
4. Property Investment and Management Segment			
Total GFA of investment properties (in thousand sq.m.)	**722**	733	-1.5%

2016 was the first year of China's "13th Five-Year Plan". Confronted with profound changes in the international political and economic conditions and the downward pressure of China's economy, the Board took the initiative to adapt to the "new normal" status by adhering to the main theme of maintaining stability while making progress and accurately capturing the market trend with a focus on innovative development and with determination in making progress. Apart from the focus on production and operation targets, the Company also made efforts in the transferring of the industrial functions of the Beijing capital city and putting the structural reform of the supply front and the synergistic development of Beijing, Tianjin and Hebei Province into real practice. Besides, the Company has integrated itself into the construction of sub-town centre in Beijing, leveraging its function of serving the capital city in full. All these measures enabled the Company to maintain stable and sound growth throughout the year. The Company has achieved all its targets for the year and a brilliant start for the "13th Five-Year" Plan.

During the Reporting Period, the Company recorded operating revenue of RMB47,783.8 million, of which operating revenue from its principal business amounted to RMB46,793.4 million, representing a year-on-year increase of 15.9%; total profit amounted to RMB3,676.5 million, representing a year-on-year increase of 15.5%; net profit amounted to RMB2,690.3 million, representing a year-on-year increase of 37.9%; and net profit attributable to the shareholders of the parent company amounted to RMB2,686.7 million, representing a year-on-year increase of 33.2%.

1. Cement and Ready-mixed Concrete Segment

In line with the synergistic development strategies of Beijing, Tianjin and Hebei Provinces, as well as the policy-oriented structural reform of the supply front, the implementation of the strategic restructuring of BBMG-Jidong and thereby effectively enhancing the concentration of clinker and cement in Beijing, Tianjin and Hebei Provinces, standardizing and regulating an orderly cement business market within the districts and developing into the top three cement enterprises respectively at national level. To concentrate on improving profitability, the Company has implemented in-depth integrated management by actively following the cardinal principle of exploring potentials and cutting costs, launching innovation in operating mode, controlling and cutting accounts receivable and procurement costs, highlighting environmental protection, strengthening scientific and technological innovation, operating control and benchmark management. Meanwhile, the Company has benefited from the BBMG-Jidong strategic restructuring synergy, as evidenced by the significant year-on-year improvement of its principal operation indicators.

The segment accelerated transformation and pressed ahead with green, cyclic and low-carbon development. As a result, 25 major energy-consuming units under the Company passed the annual examinations at the grass-roots and national levels. Furthermore, all cement enterprises in Beijing transformed into high-technology and environmentally-friendly service providers, with an annual disposal of over 0.3 million pollutants of various types, of which hazardous wastes, sludges and fly ashes amounted to 0.094 million tonnes , 0.16 million tonnes and 0.03 million tonnes respectively. The synergetic use of cement kiln for the disposal of hazardous waste increased 3.1% year-on-year while the disposal of fly ashes increased 34%. Tianjin Zhenxing Cement Co., Ltd. completed and commenced its waste disposal project which actively participated in the formulation of on-site clearing and restoration solutions for "8.12 Tianjin Explosion Incidents" and undertook waste disposal including construction wastes and polluted soil. Lingchuan BBMG Cement Co., Ltd., Guangling Jinyu Cement Co., Ltd., Xuanhua BBMG Cement Co., Ltd. and Quyang Jinyu Cement Co., Ltd. have coordinated with the Company in participation in the hazardous wastes project, helped obtained the temporary business permit on hazardous wastes disposal and underwent pilot operational process. The Company carried out hazardous wastes transformation project in coordination with Chengde BBMG Cement Co., Ltd. while the household garbage disposal project of Handan BBMG Taihang Cement Co., Ltd. was under construction. Lanxian BBMG Cement Co., Ltd. has completed all procedures for its hazardous wastes project. Bo'ai BBMG Cement Co., Ltd., Qinyang BBMG Cement Co., Ltd., Zanhuang BBMG Cement Co., Ltd. and Zuoquan BBMG Cement Co., Ltd. commenced their environmental evaluation and related work for their hazardous wastes projects.

The cement and ready-mixed concrete segment recorded operating revenue from its principal business of RMB15,365.0 million during the Reporting Period, a year-on-year increase of 41.9%. Gross profit from its principal business amounted to RMB3,158.5 million, a year-on-year increase of 118.8%. The consolidated sales volume of cement and clinker reached 55.2 million tonnes, a year-on-year increase of 40.6%, among which cement sales volume amounted to 47.7 million tonnes and clinker sales volume amounted to 7.5 million tonnes, and the aggregated gross profit margin for cement and clinker was 22.6%, a year-on-year increase of 12.5 percentage points. Sales volume of concrete totaled 13.2 million cubic meters, a year-on-year increase of 16.5%, while the gross profit margin for concrete was 10.1%, a year-on-year decrease of 2.9 percentage points.

2. Modern Building Materials and Commerce and Logistics Segment

The Company strived to make the best use of the stock resources, accelerate the transformation and upgrade of the enterprise, facilitate the transfer of production capacity of Beijing, accelerate the implementation of key projects, enhance management standard and profitability of enterprise, innovate the operation model of bulk commodity trade, reinforce risk prevention and control, with a view to achieving stable operation. The ceramic sanitary products agency business of Beijing BBMG Business and Trading Co., Ltd. continued to grow steadily and the bulk commodity trade maintained stable operation. Beijing BBMG Tiantan Furniture Co., Ltd. has completed the relocation and adjustment of Xisanqi production base and achieved a seamless connection of production. By accelerating the construction of market layout and sales channels, Beijing BBMG Coating Co., Ltd. steadily expanded the sales of products to every part of the country. Beijing BBMG Energy-Saving Technology Co., Ltd. recorded a significant decrease in cost and increase in production and sales volume.

During the Reporting Period, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of RMB11,121.4 million, a year-on-year increase of 7.2%, while the gross profit from its principal business amounted to RMB865.8 million, a year-on-year decrease of 14.1%.

3. Property Development Segment

The Company implemented reform of mechanisms and systems, and streamlined the management through reform of management and control over the organization. A clearly-defined system for authority and responsibility has been established, the evaluation and incentive mechanism was optimized, resulting in significant enhancement of project operation ability with all major economic indicators performing better than expectation.

During the Reporting Period, projects including Jinyu Huixingyuan, Huijingyuan, Hangzhou Jinyu Tianyuanwai, Tianjin Yuecheng, Chongqing Shidaiduhui, Haikou Xixili were smoothly completed and delivered; the sales plan of Nanjing Jinyu Zijingfu project was completed one year ahead of schedule, realizing fast turnaround of funds; projects such as Hefei Nanqili, Jinyu Tang+, Qingdao Jinyu Hefu and townhouse of Shanghai Dachengjun were launched for sale and recorded robust sales; Jincheng Yayuan project completed the matching of housing during the year; the establishment of Phase 1 of Xisanqi BBMG Technology Park, a project that change the use of industrial land, was approved.

During the Reporting Period, the Company closely monitored the land market and acquired new land reserves of approximately 1,186,000 sq.m. in five cities (Nanjing, Haikou, Tianjin, Hefei and Hangzhou, please see the below table for details), which will provide strong support for the sustainable development of the real estate industry.

No.	Name of projects (parcel of land)	Location	Use of the land	Land area of the project	Planning plot ratio area	Land price	Ways of acquisition	Date of acquisition	Percentage of interest
				(sq.m.)	*(sq.m.)*	*(RMB million)*			
1	Dairy Farm Plot No. 1, Jiangpu Street, Pukou District, Nanjing (No. 2016G07)	Jiangpu Old Town, Pukou District, Nanjing	R2 residential land 2	139,361.39	222,978.224	426.0	Listing	2016-04-15	100%
2	Tianjin Airport Economic Area [(Jin Bin Bao (Gua) 2016-No. 3)]	Tianjin Airport Economic Area	R2 residential land 2	44,935.1	58,415.63	184.0	Listing	2016-10-26	100%
3	Tianjin Airport Economic Area [(Jin Bin Bao (Gua) 2016-No. 4)]	Tianjin Airport Economic Area	R2 residential land 2	56,821.4	61,894.7	195.0	Listing	2016-10-26	100%
4	Tianjin Airport Economic Area [(Jin Bin Bao (Gua) 2016-No. 5)]	Tianjin Airport Economic Area	R2 residential land 2	40,170.7	60,256.05	196.0	Listing	2016-10-26	100%
5	Plots B7203, B7205 and B7301 in New District, Nanpian District, West Coast New District, Haikou	South side of West Coast, Xiuying District, Haikou	R2 residential land 2	117,230.23	234,460.46	92.1	Auction	2016-10-27	100%
6	Plot JC1201-17, Jingfangsanbao Unit, Jianggan District, Hangzhou (Hang Zheng Chu Chu [2016] No. 34)	East Wing of Hangzhou CBD, Jianggan District, Hangzhou	Residential land (with ancillary construction for public use)	64,781	168,431	729.1	Listing	2016-12-26	51%
7	Plot S1606 at the intersection between East Second Ring Road and Feihe Road in Baohe District, Hefei	Southeastern corner of the intersection between East Second Ring Road and Feihe Road in Hebei	Residential land	151,797.44	379,493.61	450.0	Auction	2016-12-29	100%
Total				615,097.26	1,185,929.674	2,272.2			

During the Reporting Period, the property development segment recorded revenue from its principal business of RMB18,448.5 million, a year-on-year increase of 9.0%, and the gross profit from its principal business was RMB5,069.1 million, a year-on-year decrease of 18.3%. The booked GFA was 1,156,280 sq.m. for the year, a year-on-year decrease of 8.5%, among which booked GFA of commodity housing amounted to 1,045,282 sq.m., a year-on-year decrease of 2.3%, while booked GFA of affordable housing amounted to 110,997 sq.m., a year-on-year decrease of 42.6%. The aggregated contracted sales area of the Company was 1,178,744 sq.m., a year-on-year increase of 18.9%, among which contracted sales area of commodity housing amounted to 1,105,427 sq.m., a year-on-year increase of 22.9%, and contracted sales area of affordable housing amounted to 73,317 sq.m., a year-on-year decrease of 20.2%. As at the end of the Reporting Period, the Company had a land reserve totaling approximately 7,781,000 sq.m.

4. Property Investment and Management Segment

Thanks to continuous improvement of service and project quality and optimization of operating mode, the segment underwent a stable and orderly development.

During the Reporting Period, by optimizing customer structure and enhancing operating characters, BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限公司) reached a new high in occupancy rate and achieved a year-on-year increase of 13.9% in rental cash revenue while BBMG Sheraton Hotel (金隅喜來登酒店) obtained an average occupancy rate of 77%, reaching a historical new high. By targeting high-end clients and forming brand cluster effects, GTC Residence Beijing (環貿國際公寓) obtained an average occupancy rate of 94% that ranked the top among counterparts in Beijing. BBMG Property Management Co., Ltd. was committed to building a high-end and specialized brand and maintaining a leading position among its peers in term of customer satisfaction. Moreover, BBMG Dacheng Property Management Co., Ltd. and Beijing Jinhaiyan Property Management Co., Ltd. strived to obtain various capitals from communities amounting approximately RMB33 million, with an aim to optimizing community environment and relieving operational stress and thereby enhancing owner satisfaction.

During the Reporting Period, the property investment and management segment recorded operating revenue from its principal business of RMB3,260.3 million, a year-on-year increase of 21.1%, and gross profit from its principal business was RMB1,690.0 million, a year-on-year increase of 4.3%. As at the end of the Reporting Period, the Company held investment properties totaling 722,200 sq.m. in the core districts of Beijing. The consolidated average occupancy rate was 92% and the consolidated average rental unit price was RMB7.9/sq.m./day.

The accomplishment of main targets in 2016 represented an initial success of "13th Five-Year Plan" achieved by the Company. Throughout the year, the Company took the initiative to overcome various difficulties and challenges. With a focus on the overall strategic layout and long-term development, the Company constantly tackled the obstacles and restraints appeared during its development process. A tremendous and brand-new result was thus achieved in terms of reform and development and various works were promoted to a new stage. In 2016, the Company was rewarded with different honors, including Top 500 Chinese Building Materials Enterprises (中國建材企業500强), Top 10 Chinese Enterprises in terms of Production Capacity in Cement Clinker (中國水泥熟料產能十强), China Top 100 Real Estate Developers (中國房地產百強企業), China Real Estate Enterprises with Sense of Social Responsibility (中國房地產年度社會責任感企業), 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) and Trustworthy Enterprises in Building Materials Industry in the Pan Bohai Area (AAA class).

INVESTMENT PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2016

	Location	Usage	Property gross area *(thousand sq.m.)*	Fair value *(RMB million)*	Rental unit price *(RMB/ sq.m./day)*	Average occupancy rate *(Note)*	Unit fair value *(RMB/ sq.m.)*
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	Commercial	120.5	3,143.9	11.1	96%	26,080
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	Commercial	172.1	3,147.3	8.0	98%	18,289
Phase 3 of Global Trade Center (Ground Floor Commercial)	North Third Ring Road, Beijing	Retail	71.7	1,111.9	7.3	97%	15,514
Tengda Plaza	West Second Ring Road, Beijing	Commercial	84.3	1,615.8	9.2	96%	19,176
Jin Yu Building	West Second Ring Road, Beijing	Commercial	44.8	1,042.0	8.9	90%	23,240
Jianda Building/Jiancai Jingmao Building	East Second Ring Road, Beijing	Commercial	59.4	1,268.3	5.3	97%	21,369
Dacheng Building	West Second Ring Road, Beijing	Commercial	42.8	996.7	9.8	93%	23,312
		Sub-total	595.6	12,325.9			
Other properties	Beijing Municipality	Commercial and retail	126.6	2,650.7			
		Total	722.2	14,976.6	7.9	92%	20,737

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

ANALYSIS OF ASSETS AND LIABILITIES

Unit: RMB'000

	As at 31 December 2016	As at 31 December 2015	Change
Cash and bank balances	**28,010,211.15**	18,369,880.69	52.5%
Inventories	**64,111,234.89**	54,007,187.19	18.7%
Available for sale financial assets	**2,498,348.40**	604,367.25	313.4%
Construction in progress	**3,963,622.13**	1,249,188.81	217.3%
Short-term financing bonds payable	**3,000,000.00**	6,000,000.00	-50.0%
Bonds payable	**21,279,396.54**	12,000,000.00	77.3%

Cash and bank balances increased by approximately RMB9,640.3 million as compared with that of the beginning of the Reporting Period, mainly attributable to the restructuring between the Company and Jidong Group and increase in fund-raising scale during the Reporting Period.

Inventories increased by approximately RMB10,104.0 million as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in land reserve and investment in projects in progress under the property development segment of the Company.

Available for sale financial assets increased by approximately RMB1,894.0 million as compared with that of the beginning of the Reporting Period, mainly attributable to the restructuring between the Company and Jidong Group.

Construction in progress increased by approximately RMB2,714.4 million as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in the investment in engineering project of BBMG International Logistics Park and Tiantan Dachang project by the Company during the Reporting Period.

Short-term financing bonds payable decreased by RMB3,000.0 million as compared with that of the beginning of the Reporting Period, mainly attributable to the maturity of some short-term financing bonds during the Reporting Period.

Bonds payable increased by approximately RMB9,279.4 million as compared with that of the beginning of the Reporting Period, mainly attributable to the issuance of corporate bonds and perpetual bonds during the Reporting Period.

ANALYSIS OF BUSINESS AND FINANCIAL POSITION FOR THE REPORTING PERIOD

1. Principal business operations

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Increase or decrease in revenue from principal business compared with last year (%)	Increase or decrease in cost of sales from principal business compared with last year (%)	Increase or decrease in gross profit margin from principal business compared with last year
Cement and Ready-mixed Concrete	15,365.0	12,206.6	20.6%	41.9	30.1	Increase of 7.2 percentage points
Modern Building Materials and Commerce and Logistics	11,121.4	10,255.6	7.8%	7.2	9.5	Decrease of 1.9 percentage points
Property Development	18,448.5	13,379.4	27.5%	9.0	24.8	Decrease of 9.2 percentage points
Property Investment and Management	3,260.3	1,570.3	51.8%	21.1	46.5	Decrease of 8.3 percentage points
Eliminations	(1,401.8)	(1,377.3)	–	–	–	–
Total	46,793.4	36,034.6	23.0%	15.9	19.6	Decrease of 2.3 percentage points

2. Investment properties measured at fair value

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group were RMB596.9 million, accounting for 16.2% of the profits before tax. The fair value gains on investment properties during the Reporting Period were mainly due to an upward revision to the fair value of the investment properties of the Group by the valuer given the overall surge in rental of commercial properties in the open market in Beijing during the Reporting Period.

3. Expenses during the Reporting Period

(1) Selling expenses were RMB1,854.2 million, an increase of RMB308.1 million or 19.9% year-on-year. Such increase was mainly due to the increase in employee remuneration and transportation and travelling expenses.

(2) Administrative expenses were RMB3,807.9 million, an increase of RMB834.1 million or 28.0% year-on-year. Such increase was mainly due to the increase in employee remuneration and losses from suspension of production.

(3) Finance costs were RMB1,603.5 million, an increase of RMB268.0 million or 20.1% year-on-year. Such increase was mainly due to the increase in interest expenses from bonds payable.

4. Cash flows

During the Reporting Period, a net increase of RMB6,897.2 million in cash and cash equivalents was recognized in consolidated financial statements of the Company. Such increase was the net result of (i) the net cash inflow generated from operating activities of RMB3,503.8 million, representing an increase in inflow of RMB4,156.4 million year-on-year, which was attributable to the year-on-year decrease in the expenses of land reserve of property development segment of the Company; (ii) the net cash outflow generated from investment activities of RMB4,025.0 million, an increase in outflow of RMB2,618.0 million year-on-year, which was attributable to the year-on-year increase in the investment in acquisition of fixed assets and construction projects; (iii) the net cash inflow generated from financing activities of RMB7,373.0 million, an increase in inflow of RMB577.5 million year-on-year, which was attributable to the increase in the scale of borrowings and issuance of bonds and (iv) the exchange realignment of RMB45.4 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. 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 witnessed strong growth and synergetic development by extending their principal businesses to more than 20 provinces, cities and regions in the PRC.

The core competitiveness of the Company is detailed as follows:

1. **Competitive Edge in the Industrial Chain:** The Company has developed a unique vertically integrated core industrial chain. This core industrial chain is in the form of “cement and ready-mixed concrete – modern building materials manufacturing and commerce and logistics – property development – property investment and management”, resulting in a unique industrial chain development model with all four major business segments incorporated. With acceleration of industrial transformation and upgrading, the cement industry has turned from a grey industry to a green one, while the industry’s development layout has shifted from the development of single product to the development of comprehensive industrial chain. By leveraging the advantages accumulated in the manufacture of green building materials, the Company extends its industrial chain upward and downward and expands toward property development. While focusing on business collaboration and high-end development, the Company has developed toward the modern service sectors, including modern property management services and financial services. Taking advantage of the characteristics of the real estate development industry of large amount of funds and great demand for products, the Company, through market behaviors, drove the application of modern building materials, cement, concrete and other products as well as the development of relevant businesses such as design, fitting-out and property 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 R&D:** The Company enhances its overall strength through technology innovation and continues to increase investment in technology R&D, which gives the Company a sharp edge in the industry in respect of technologies. Technology innovation nurtures new economic growth point and strengthens the momentum of industrial development for the Company. The Company has a state-level enterprise technology center and obtained the approval to establish science association and academic expert service centre. BBMG Academia Sinica was approved as a post-doctoral scientific research workstation, and enterprises including Academy of Scientific Research were approved as Beijing International Science and Technology Cooperation Base. The Company established the technology innovation system of "1+N+X" with BBMG Academia Sinica, professional R&D institutions as well as the enterprise's technology centre, engineering centre and key laboratory as its core players. The Company also established a mature cooperation mechanism of "production, study, research and application" with tertiary institutes and scientific research institutions including the University of Beijing, Beijing University of Technology and University of Science & Technology Beijing. In addition, the Company established and improved the system of dispatching chief technology officer, realizing the localization, regionalization, normalization of technical support services. The Company built technology innovation platforms of various levels including the academic workstation, the municipal-level technology cooperation base and the state-level testing centre.

   With an investment of approximately RMB800 million in technology R&D in 2016, the Company recorded revenue from sales of new products of approximately RMB1.8 billion, undertook 5 state-level science and technology projects, received 10 provincial and ministry-level (including industry) technology awards, obtained 117 national patents, and played a leading role in formulating 65 national, industrial and local standards. The Company has launched 23 major R&D projects. Leveraging on the Internet+ and informationisation, the Company has facilitated the integration and development of the Company's business and Internet technology, therefore obtaining practical, strategic and forward-looking R&D results. Qinyang BBMG Cement Co., Ltd., a subsidiary of the Company, was recognized as National Technology Centre for Circular Economy (全國循環經濟技術中心), while Beijing BBMG Liushui Eco-friendly Co., Ltd. (北京金隅琉水環保有限公司) participated in the project of "Research on Development and Application of Common Technologies of Circular Economy Development in Cities (《城市循環經濟發展共性技術開發與應用研究》)" and was awarded the Second Class Award of the State Scientific Technology (國家科學技術獎二等獎) in 2016. The project demonstrating the transformation and upgrade of synergetic use of cement kiln for the disposal of waste by Beijing BBMG Beishui Eco-friendly Co., Ltd. (北京金隅北水環保有限公司) was awarded the "Fourth Session of China Industry Award (第四屆中國工業大獎表彰獎)". Handan BBMG Taihang Cement Co., Ltd. and Dachang BBMG Coating Co., Ltd. were approved as high-tech enterprises in Hebei. Beijing Bio-Island Science and Technology Co., Ltd. and Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd. (河北金隅紅樹林環保有限責任公司) were successfully elected to be part of the Top 100 Enterprises for 3iPET (環保技術匯智平台百强企業). Jidong Jicheng Housing Co., Ltd. (冀東集成房屋有限公司) was approved as provincial technology centre in Hebei and recognised as Assembled Construction Production Base (裝配式建築生產基地) in Hebei.

3. **Competitive Edge in Sustainable Development of Green Operations:** Implementing the strategic arrangements of the synergistic development of Beijing, Tianjin and Hebei Provinces and adapting to the capital's positioning of functions in an all-round way while upholding the objective of building Beijing an international city which is harmonious and livable, the Company has stepped up its efforts in developing circular economy and low-carbon economy, establishing a sound system for environmental protection management, accelerating its pace towards transformation and upgrading and embarking on a sustainable path for green development. As one of the first pilot enterprises in China to develop circular economy, the Company cooperates with the government to build a garbage pollution-free city by promoting the circular economy model with "resources-products-wastes-renewable resources" as its core procedure.

   The Company has accumulated a wealth of experience in the synergetic use of cement kiln for the disposal of waste and has developed a comprehensive scientific research system that focuses on hazard-free disposal of urban waste. In addition, the Company independently developed, built and operated a number of environmental protection facilities, including the first demonstration line of utilizing cement kiln for hazard-free disposal of industrial solid waste in China, the first production line applying the synergetic use of cement kiln for the disposal of fly ashes from garbage incineration in China, and an integrated treatment center for hazardous waste which is equipped with the nation's most advanced technology and facilities under the most comprehensive system. With the qualification and capacity to dispose of more than 200,000 tonnes of sludge, 30,000 tonnes of fly ashes and over 40 types of hazardous waste per year, the Company is in charge of disposal of around 90% of hazardous waste in Beijing. The Company continues to launch modern building material products, including ready-mixed mortar, modern unshaped refractories, heat-preservation materials in external walls such as glass wool and rock wool, and high-grade wooden doors and windows, which are environmentally-friendly, energy-saving and low-carbon with heat-insulation, heat preservation and fireproof features. The Company successfully formulated quality and quantity standards for the transformation and upgrading of manufacturing enterprises, efficiently promoted the standardization of environmental protection, the environmental self-supervision and examination as well as the rectification and implementation mechanism for the enterprise, which maximize the Company's economic and resource usage efficiencies.

   As a result, the Company has made significant contributions to urban development, environmental safety and social harmony, and became the first cement enterprise which received the "China's Environment Award", a distinctive honor in the environmental protection field. The Company was the only enterprise to win the "Green Ecology Media Award" under the Beijing Influence Award. Nine subsidiaries of the Company, including Chengde BBMG Co., Ltd. (承德金隅有限責任公司), Lingchuan BBMG Cement Co., Ltd., Zuoquan BBMG Cement Co., Ltd., Bo'ai BBMG Cement Co., Ltd. and BBMG Mortar Co., Ltd., were among the third batch of enterprises recognized as "One Hundred Energy-Saving Model Enterprises (百家節能減排示範企業)", while BBMG Property Management Co., Ltd. was recognised as Model Unit Leading in Efficiency (能效領跑者示範單位) in Beijing.

In 2016, the Company invested nearly RMB60.00 million in commencing environmental protection measures and transformation, and obtained the incentive fund of RMB10.25 million from the government. The Company has successfully completed the annual energy conservation targets of both national and local governmental assessment for 25 key energy consumption units. 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 2016, the Company achieved reduction in consumption of standard coal by approximately 48,900 tonnes and water saving by approximately 117,400 cubic meters, representing a year-on-year decrease of 3.94% in comprehensive energy consumption per RMB10,000. All cement conglomerates in Beijing have transformed into technological companies providing environmental protection services. The annual amount of pollutants disposed of amounted to over 300,000 tonnes, including 94,000 tonnes of hazardous wastes, 160,000 tonnes of sludge and 30,000 tonnes of fly ash, representing a year-on-year increase of 3.1% and 34% in hazardous wastes disposed of by cement kiln and fly ashes, respectively. The construction of the waste disposal project of Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司), a subsidiary of the Company, has been completed and put into operation, which has played an active role in the formulation of on-site clearing and restoration solutions for "8.12 Tianjin Port Explosion Incident" and undertook the waste disposal including construction waste and polluted soil, etc. The Company carried out the disposal of hazardous waste project in respective coordination with Xuanhua BBMG Cement Co., Ltd., Guangling Jinyu Cement Co., Ltd., Lingchuan BBMG Cement Co., Ltd., Quyang Jinyu Cement Co., Ltd., and obtained the temporary business permit on hazardous wastes disposal. The projects are now in trial run.

4. **Competitive Edge in Industry-Finance Integration:** BBMG Finance Co., Ltd. and BBMG Finance Lease Co., Ltd. offer a new platform for the Company to enhance its overall capital operational efficiency, diversify financing channels and prevent capital risks, thereby facilitating the organic integration between industry capital and financial capital. By broadly cooperating with various banks and financial institutions, the Company has explored and adopted a wide variety of financing methods, including non-public offering, corporate bonds and convertible bonds. The multi-level and multi-channel financing approach effectively improves capital operational capacity and management efficiency, and further reduces financing costs. In 2016, the Company issued new corporate bonds of RMB5 billion, new super short-term financing bonds of RMB5 billion and the net increase of bank loans was RMB5.061 billion. Based on the assurance of the security of capital chain of the Company, the structure of liabilities was optimized and adjusted. In 2016, the Company's credit facilities granted by banks totaled over RMB60 billion. This has laid a solid foundation in terms of finance and 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 71th on the list of the 2016 (13th) 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.

Under the "new normal", China's economic growth has slowed down and still encountered greater downturn pressure with potential risk factors existing while structure adjustment, changes in approach and innovation promotion remained challenging. However, new technology and industry reform is now developing globally which provides continuous strategic opportunities for Chinese economic development. With the gradual implementation of comprehensive and in-depth reform and development, bonus granted progressively by reform, the economy exhibits a continuous optimization in industrial structure while the development momentum experienced a faster transition and maintained a stable development tendency. 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 sustainably 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 and low ranges in 2016 and exhibited an operational dynamic of "initial decline and gradual stabilization" throughout the year and maintained a stable and sound development trend starting from the second half of the year. However, due to sluggish external operational environment, the industry, with a vulnerable basis for "stable growth", still experienced great pressure.

In 2016, the building materials industry realized a recovering growth in general. The gross annual profit of the cement industry amounted to RMB51.8 billion, achieving a year-on-year growth of 55.6% and the revenues from principal operation amounted to RMB876.4 billion, accounting for a year-on-year increase of 1.2%. For internal industry, traditional industries such as cement industry will continue the serious excess production capacity while the demand and supply relationship of the market will be still vulnerable and therefore solving excess 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.

Apart from increasing pressure in "downsizing capacity", "de-stocking" and environmental protection measures, strategies including synergistic development of Beijing, Tianjin and Hebei Provinces and "One Belt and One Road" implied potential development opportunities for the cement industry while infrastructure construction such as railway and road, as well as key construction projects like Beijing Winter Olympic, new airport in the capital has provided actual market needs to the cement industry in Beijing, Tianjin and Hebei Provinces.

Real estate market has resumed to its housing residential natures and provided stabilization for steady industry development. Position of "housing properties for accommodation, not speculative trading" stipulated the policy objectives aiming at combating speculative activities, avoiding overheated speculation and curbing real estate bubbles. For this reason, the Central Economic Work Conference 2016 suggested that the acceleration of research and establishment of fundamental institutions and long-term mechanisms that suit national conditions and adapt to market demands through finance, land, taxation, investment and legislation measures. 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 provinces 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 eco, 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 Segments in 2017:

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

2. Modern building materials and commerce and logistics segment further enhances the level of integration of products and the level of industrial concentration by adhering to its major target of "making the industry more solid, management stronger and products better" and relying on the Company's edges on capital, technology and industrial chain synergy; it also needs to make the best use of the stock resources, explores new approaches to increment and development, comprehensively carries out benchmark management, implements enterprise diagnosis and enhances corporate core competitiveness and profitability. The commerce and logistics segment needs to break into both the domestic and international market, and builds an international trade industry primarily engaging in home services and bulk commodity trade and owning operating entities, e-business services and many other operating channels.

3. Property development segment adheres to the guideline of "accelerating cash flow" and the "adjustment to two structures" and keeps enhancing its operating capability and profitability with a view to improving its competitiveness and influence in the market; leveraging the edges of the Company's industrial chain, it explores the resources along the industrial chain so as to maximize the value of the industrial chain as a whole; it continuously reinforces its awareness towards effective and efficient operation with an aim to commencing its work and sales as soon as possible for quick return of proceeds, while places emphasis on the balanced development of business scale and operation efficiency; it also maintains resources reserve to enhance the boosters for development while at the same time innovates and optimizes control business model, boosts operation efficiency of projects, strictly controls project operating costs, enhances product competitiveness and encourages steady growth in the size and profit of the real estate segment.

4. Property investment and management segment actively promotes management innovation, vigorously presses ahead with the transformation and upgrading of enterprises and maintains the continued economic growth of the segment by adhering to the theme of innovative development and the principle of "changing concept, adjusting structure, strengthening management, and promoting growth" as well as taking into consideration of the work on the transfer of the industrial functions of the Beijing capital city.

(3) Business Plan

2017 will be an important year for the Company in comprehensive implementation of "13th Five-Year Plan". In general, the global economy tends to maintain a sound growth in the long run, so 2017 is still a period of important strategic opportunities for making great achievement. The Board 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 optimization of 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 2017, the central bank will maintain a prudent monetary policy. The interest rate marketization revolution will be further accelerated. Since it is in the stage of rapid development, the Company will face certain level of financial pressures to maintain daily operations and meet the needs of future development.

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

3. Risks in Market Competition

In 2016, the Company conducted a strategic reconstructing 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 2016, the Group's total assets amounted to RMB208,397.1 million, an increase of 59.4% from the beginning of the Reporting Period, of which liabilities amounted to RMB145,487.6 million, minority interests amounted to RMB18,709.0 million and total equity attributable to the shareholders of the parent company amounted to RMB44,200.5 million. Total equity attributable to shareholders amounted to RMB62,909.5 million, an increase of 49.1% from the beginning of the Reporting Period. As at 31 December 2016, the Group's net current assets were RMB24,514.5 million, an increase of RMB365.5 million year-on-year. Debt ratio (total liabilities to total assets) as at 31 December 2016 was 69.8%, an increase of 2.1 percentage points from the beginning of the Reporting Period.

As at 31 December 2016, the Group's cash and bank balances amounted to RMB28,010.2 million, an increase of RMB9,640.3 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 2016, the Group's interest-bearing bank borrowings amounted to RMB51,672.3 million (as at 31 December 2015: RMB25,504.6 million) and bore fixed interest rates. Of these borrowings, approximately RMB33,584.6 million interest-bearing bank borrowings were due for repayment within one year, an increase of approximately RMB14,968.6 million from the beginning of the Reporting Period. Approximately RMB18,087.7 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB11,199.1 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company 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 RMB66,430 million and drew down borrowings of RMB32,541 million. The balance of credit facilities was RMB33,889 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 were no event of default having occurred. The Company has sufficient capital for its operations. As at 31 December 2016, the Group had no future plans for material investments or capital assets.

ISSUE OF BONUS SHARES AND CHANGE IN BOARD LOT SIZE

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

USE OF PROCEEDS FROM THE 2013 PROPOSED PLACING AND THE 2015 PROPOSED PLACING

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

Gross proceeds raised from the 2013 Proposed Placing were approximately RMB2,795 million. Based on the estimation of all applicable costs and expenses in association with the 2013 Proposed Placing, the net proceeds from the 2013 Proposed Placing (after deducting all applicable costs and expenses in association with the proposed placing) were approximately RMB2,774.7 million, which were remitted to the designated account for proceeds opened as approved by the Board on 24 March 2014.

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

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

As at 31 December 2016, the Company had utilized the proceeds from the 2013 Proposed Placing and the 2015 Proposed Placing of RMB7,179,765,142.11 (including the use of idle proceeds of RMB9,750,000,000.00 as temporary replenishment of working capital, repayment of RMB7,381,800,000.00 to the designated account for proceeds with working capital, change in use of the proceeds of RMB895,205,900.00, the actual use of RMB3,311,802,423.26 of the proceeds for projects, intermediary fee paid of RMB4,504,100.00 and bank charges paid of RMB52,718.85), and obtained interest earned from depositing of RMB7,578,334.62. The balance of the proceeds was RMB248,553,182.27, including the intermediary fee unpaid of RMB3,624,960.00.

To regulate the management of proceeds of the Company and secure the interest of small and medium investors, the Company established the Management 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, regarding the 2013 Proposed Placing and the 2015 Proposed Placing, the Company and Beijing Aerated Concrete Co., Ltd., BBMG (Dachang) Modern Industrial Park Management Co., Ltd., Beijing BBMG Tiantan Furniture Co., Ltd., BBMG GEM Real Estate Development Co., Ltd., Jinyu Ligang (Tianjin) Property Development Co., Ltd. and BBMG Nanjing Real Estate Development Co., Ltd., all being wholly-owned subsidiaries of the Company, have established designated saving accounts for the proceeds raised from the 2013 Proposed Placing and the 2015 Proposed Placing respectively. Upon the receipt of the proceeds raised from the 2013 Proposed Placing and the 2015 Proposed Placing, the Company entered into a Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds Raised (《募集資金專戶存儲三方監管協議》) with the bank and the sponsor for the joint supervision over the use of proceeds. The principal terms of the agreement are in line with the Tri-Party Supervisory Agreement for the Designated Saving Accounts of Proceeds Raised (Template) （《募集資金專戶存儲三方監管協議（範本）》） issued by the Shanghai Stock Exchange with no significant discrepancy. As of 31 December 2016, the parties to the agreement had exercised their rights and performed their obligations in accordance with the requirements of the Tri-Party Supervisory Agreement for Designated Saving Accounts of Proceeds Raised.

As of 31 December 2016, the deposit of the designated account for proceeds from 2013 Proposed Placing and 2015 Proposed Placing of the Company was as follows:

Unit: RMB

No.	**Name of bank**	**Bank account**	**Account holder**	**Deposit as of 31 December 2016**
1	Bank of Communications Co., Ltd., Beijing Municipal Branch	110060149018170182242	The Company	2,026,817.98
2	Industrial and Commercial Bank of China Limited, Beijing Hepingli Branch	0200203319020196563	The Company	167,803,313.14
3	Industrial and Commercial Bank of China Limited, Shijingshan Branch	0200013419200040504	Beijing Aerated Concrete Co., Ltd. (北京市加氣混凝土有限責任公司)	17,770,917.62
4	China Construction Bank Corporation, Dachang Sub-branch	13001707748050506500	BBMG (Dachang) Modern Industrial Park Management Co., Ltd. (大廠金隅現代工業園管理有限公司)	807,195.94
5	ICBC, Beijing Anzhen Branch	0200064819024649727	Beijing BBMG Tiantan Furniture Co., Ltd. (北京金隅天壇家具股份有限公司)	–
6	CCB, Beijing Urban Construction Development Professional Branch	11050138360000000048	BBMG GEM Real Estate Development Co., Ltd. (北京金隅嘉業房地產開發有限公司)	4,739,994.87
7	CCB, Beijing Urban Construction Development Professional Branch	11050138360000000047	BBMG GEM Real Estate Development Co., Ltd. (北京金隅嘉業房地產開發有限公司)	30,224,940.75
8	Agricultural Bank of China Limited, Tianjin Yong'an Road Branch	02280101040015072	Jinyu Ligang (Tianjin) Property Development Co., Ltd. (金隅麗港(天津)房地產開發有限公司)	20,013,724.07
9	Agricultural Bank of China Limited, Nanjing Xinglong Street Branch	10109201040009981	BBMG Nanjing Real Estate Development Co., Ltd. (金隅南京房地產開發有限公司)	5,166,277.90
Total				248,553,182.27

Note: The savings balance in the designated account for proceeds from the aforementioned 2013 Proposed Placing and the 2015 Proposed Placing are current savings, which includes savings interest income of RMB7,578,334.62.

The Company strictly followed the Management Measures of Proceeds when using the proceeds from the 2013 Proposed Placing and 2015 Proposed Placing. The details of the actual use of proceeds as of 31 December 2016 were as follows:

Breakdown of Use of Proceeds as of 31 December 2016

Unit: RMB0'000

Total proceeds	749,504.00	Total proceeds used for investment during the year	147,305.94
Change in use of total proceeds	89,520.59	Total accumulated proceeds used for investment	391,180.25
Proportion of change in use of total proceeds	12%		

Committed investment project	Changed project	Total committed investment from proceeds	Total investment after adjustment	Committed investment amount as of the end of the period (1)	Investment amount during the year	Accumulated investment amount as of the end of the period (2)	Difference between accumulated investment amount and committed investment amount as of the end of the period (3)=(2)-(1)	Investment progress as of the end of the period (%) (4)=(2)/(1)	Date of project ready for its intended use	Achieved results during the year	Achieve the intended results or not	Significant changes in project feasibility	Reason for failure to reach the scheduled progress
Engineering project of BBMG international logistics park (北京金隅國際物流園工程項目) *(Note 1)*		97,953.00	97,953.00	97,953.00	23,994.24	54,805.07	(43,147.93)	55.95%	It has been basically completed	–	–	No	–
Production line project with an annual production capacity of 0.8 million pieces of furniture (年產80萬標件家具生產線項目) *(Note 2)*		181,551.00	90,000.00	90,000.00	32,507.83	74,459.99	(15,540.01)	82.73%	It has been basically completed	–	–	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	8,298.78	43,311.83	(40,475.67)	51.69%	It is expected to be completed in August 2017	–	–	No	–
Chaoyang District, Dongba Dandian secondary residential and primary school project (朝陽區東壩單店二類居住、小學用地項目)		170,000.00	170,000.00	170,000.00	34,311.21	67,475.08	(102,524.92)	39.69%	It is expected to be completed in August 2017	–	–	No	–

Committed investment project	Changed project	Total committed investment from proceeds	Total investment after adjustment	Committed investment amount as of the end of the period (1)	Investment amount during the year	Accumulated investment amount as of the end of the period (2)	Difference between accumulated investment amount and committed investment amount as of the end of the period (3)=(2)-(1)	Investment progress as of the end of the period (%) (4)=(2)/(1)	Date of project ready for its intended use	Achieved results during the year	Achieve the intended results or not	Significant changes in project feasibility	Reason for failure to reach the scheduled progress
BBMG Zhongbei Town residential project (金隅中北鎮住宅項目) *(Note 4)*		50,000.00	50,000.00	50,000.00	11,216.83	35,924.01	(14,075.99)	71.85%	It has been basically completed	–	–	No	–
Nanjing City Jianye District Xinglong Street North A2 project (南京市建鄴區興隆大街北側A2項目)		100,000.00	100,000.00	100,000.00	36,977.05	55,204.27	(44,795.73)	55.20%	It is expected to be completed in April 2019	–	–	No	–
Sub-total		689,504.00	591,740.50	591,740.50	147,305.94	331,180.25	(260,560.25)	55.97%					
Replenishment of working capital *(Note 5)*		60,000.00	60,000.00	60,000.00	–	60,000.00	–	100%					
Total		749,504.00	651,740.50	651,740.50	147,305.94	391,180.25	(260,560.25)	60.02%					

Note 1: Engineering project of BBMG international logistics park has been basically completed. As at 31 December 2016, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB600,000,000.

Note 2: Production line project with an annual production capacity of 0.8 million pieces of furniture has been basically completed. As of 31 December 2016, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB135,420,000. 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 deduction of the change in proceed-financed project. As of the date of this announcement, the committed investment proceeds for the production line project with an annual production capacity of 0.8 million pieces of furniture changed to RMB900 million. Such change was considered and announced at the 2014 annual general meeting of BBMG Corporation.

Note 3: The difference between committed investment before and after fund raising of Chaoyang District Chaoyang North Road (Former Star Building Materials Product Factory) B01, B02 and B03 secondary residential, secondary and primary school and nursery project was due to the deduction of issuance expense of RMB62.1250 million.

Note 4: BBMG Zhongbei Town residential project has been basically completed. As at 31 December 2016, the expenses incurred but not yet settled and the expenses expected to be incurred but not yet settled amounted to RMB170,080,000.

Note 5: Replenishment of working capital is for the pre-use plan of the allocation of proceeds from 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.

PREPAYMENT FOR INVESTMENT PROJECTS AND REPLACEMENT IN RELATION TO THE PROCEEDS

In order to ensure the smooth progress of the proceeds-financed projects, the Company has utilised its self-financing funds for the proceeds-financed projects before the proceeds are in place. RMB1,176,444,800 of the self-financing funds have been used.

(I) 2013 Proposed Placing

In accordance with Regulations in Relation to the Management of Proceeds of Listed Companies by Shanghai Stock Exchange, the Company considered and passed the "resolution for replacing self-financing funds invested in the proceeds-financed projects in advance by proceeds" at the ninth meeting of the third session of the Board, agreeing the replacement of the self-financing funds invested by the Company in the proceeds-financed projects in advance in sum of RMB148,371,400 by the proceeds from the 2013 Proposed Placing.

(II) 2015 Proposed Placing

In accordance with Regulations in Relation to the Management of Proceeds of Listed Companies by Shanghai Stock Exchange, the Company considered and passed the "resolution for replacing self-financing funds invested in the proceeds-financed projects in advance by proceeds" at the second meeting of the forth session of the Board, agreeing the replacement of the self-financing funds invested by the Company in the proceeds-financed projects in advance in sum of RMB1,028,073,400 by the proceeds from the 2015 Proposed Placing.

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

(I) 2013 Proposed Placing

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

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the 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, for a term not more than 12 months from the date the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, independent directors and supervisory board have expressed their consent opinions towards this proposal and made an announcement accordingly.

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 and made an announcement accordingly.

2 Use of idle proceeds for temporary replenishment of working capital

According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the 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, for a term not more than 12 months from the date the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, independent director and supervisory board have expressed their consent opinions towards this proposal and made an announcement accordingly.

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

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 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 director and supervisory board have expressed their consent opinions towards this proposal and made an announcement accordingly.

As at 21 March 2017, the Company announced that it would return in full the proceeds of RMB900 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 forth 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 of consideration and approval by the Board, upon expiry of which the monies shall be returned to the designated account for proceeds. The sponsor, independent directors and supervisory board have expressed their consent opinions towards this proposal and made an announcement accordingly.

As at 30 September 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 and made an announcement accordingly.

2 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 fifteen 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 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 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.

CHANGE OF PROCEEDS-FINANCED PROJECTS

In order to ensure the proceeds-financed projects can be implemented in a more efficient manner, consolidate the internal furniture industrial structure of the Group and further leverage the professional edge of Beijing BBMG Tiantan Furniture Co., Ltd. (北京金隅天壇家具股份有限公司), the Company established Beijing BBMG Tiantan Furniture Co., Ltd. (北京金隅天壇家具股份有限公司) as the major company to implement the production line project with an annual production capacity of 0.8 million pieces of furniture. The Company convened the sixteenth meeting of the third session of the Board via telecommunication means on 29 January 2015, and convened 2014 annual general meeting on 27 May 2015 for consideration. At the meeting, the proposals regarding the change of the investment amount of the production line project with an annual production capacity of 0.8 million pieces of furniture from RMB2,538,075,100 to RMB1,294,112,800 and the change of the amount of proceeds intended to be used from RMB1,795,205,900 to RMB900,000,000 were approved. The amount of change in use of the proceeds was RMB895,205,900. The sponsor, independent director and supervisory board have expressed their consent opinions towards this proposal and made an announcement accordingly.

MAJOR TRANSACTION AND PROPOSED SPIN-OFF

On 15 April 2016, the Company entered into a framework agreement (the "**Framework Agreement**") with State-owned Assets Supervision and Administration Commission of Tangshan* (唐山市人民政府國有資產監督管理委員會) (**"Tangshan SASAC**") and Jidong Group in relation to: (i) the possible acquisition of not less than 51% equity interests in Jidong Group by the Company (the "**Equity Restructuring**"); and (ii) the possible injection of cement and concrete businesses into Jidong Cement by the Company and/or Jidong Group (the "**Asset Restructuring**"). For further details of the Framework Agreement, please refer to the announcement of the Company dated 17 April 2016.

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

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

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

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

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

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

On 11 October 2016, Jidong Group went through the formalities for the change of the registration in respect to additional registered capital and equity transfer, and has received the business license, after which, the implementation of the Equity Restructuring was completed and the registered capital and shareholding structure of Jidong Group as registered with registration office are as follows:

Name of shareholders	**Capital injected** *(RMB in ten thousands)*	**Percentage of capital injected** *(%)*
The Company	136,372.7244	55
Tangshan SASAC	111,577.6836	45
Total	247,950.4080	100

For further details of the Equity Restructuring, Asset Restructuring and the Proposed Spin-off, please refer to the circular of the Company dated 29 July 2016 and the announcements of the Company dated 13 July 2016, 15 July 2016, 19 July 2016, 3 August 2016, 4 August 2016, 10 August 2016, 8 September 2016, 19 September 2016, 13 December 2016 and 22 December 2016.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

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

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 2016, certain of the Group's inventories, fixed assets, investment properties, land use rights, equity interest, accounts receivable and bills receivable amounting to RMB24,050.9 million (as at 31 December 2015: RMB11,337.6 million) were pledged to secure short-term and long-term loans of the Group, which accounted for approximately 11.5% of the total assets of the Group (as at 31 December 2015: 8.7%).

CONTINGENCIES

Unit: RMB

		As at 31 December 2016	As at 31 December 2015
Provision of guarantee on mortgage to third parties	*Note 1*	**11,567,845,119.91**	5,669,464,952.49
Provision of guarantee on loans and others to third parties	*Note 2*	**4,644,000,000.00**	–
		16,211,845,119.91	5,669,464,952.49

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 2016, Jidong Group, a subsidiary of the Group, provided guarantees on the borrowings of RMB2,270,000,000.00 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 the balance sheet date of Jidong Cement, the contingent liabilities of the business commitment totaled RMB 50,095,000.

COMMITMENTS

Unit: RMB

	As at 31 December 2016	As at 31 December 2015
Contracted but not provided for:		
Capital commitments	**542,376,549.90**	361,924,923.37
Property development contracts	**11,085,389,938.29**	8,413,910,062.16
	11,627,766,488.19	8,775,834,985.53

The significant commitments made by the Group as at 31 December 2015 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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group had 49,721 employees in total (as at 31 December 2015: 28,619 employees). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB2,208.5 million (for the year ended 31 December 2015: RMB1,839.9 million), representing an increase of approximately 20.0%.

The Company maximized the enthusiasm and creativity of its staff through staff deployment to give full play to synergistic growth of the staff income and economic benefits, so as to maintain the stability of our staff team as well as attract, introduce and retain talents, strengthening the core competitiveness and creativity of the development of the Company on an ongoing basis. The Company has established a fairer and more reasonable, scientific and standardized remuneration and benefit system for employees by making continuous improvement on the same. The adaptability and effectiveness of remuneration policy towards the Company's business development has played an active role in maintaining the capacity for the sustained robust development of the Company. 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 channels for career development and remuneration adjustment, in order to give full play to boosting the enthusiasm and creativity of its staff and create a harmonious and stable working environment.

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

TRAINING SCHEME

The Company's training program encompasses theoretical study classes for department heads and cadres in factories, backup team training for talents of three supports (supporting agriculture, education and health), training for grassroots party workers, 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 8,815 people.

The statistics of the profession composition of the employees (as at 31 December 2016)

Employee profession	Number of employees
Production personnel	27,224
Sales personnel	4,018
Technical personnel	10,261
Financial personnel	1,708
Administrative personnel	5,391
Other personnel	1,119
Total	49,721

The statistics of the education level of the employees (as at 31 December 2016)

Education level	Number of employees
Postgraduate or higher	809
Undergraduate	11,335
Tertiary college graduate	10,776
Secondary vocational school graduates or lower qualifications	26,801
Total	49,721

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.

GRATUITOUS TRANSFER OF STATE-OWNED A SHARES IN THE COMPANY

On 17 October 2016, the Board was informed by BBMG Group that according to the arrangement of State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (**"Beijing SASAC**"), BBMG Group proposes to transfer gratuitously to 北京國有資本經營管理中心 (Beijing Stated-owned Capital Operation and Management Center*) (**"Beijing SCOM Center**") the 4,797,357,572 A Shares held by BBMG Group (representing 44.93% of the total share capital of the Company) (the "**Equity Transfer**"). The completion of the Equity Transfer is subject to, amongst other things, the approval of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and other authoritative government bodies, and the grant of waiver from the general offer obligation of Beijing SCOM Center by China Securities Regulatory Commission and the Securities and Futures Commission of Hong Kong (the "**SFC**"). On 17 November 2016, the SFC has granted a waiver pursuant to Note 6(a) to Rule 26.1 of The Code on Takeovers and Mergers from the obligation of Beijing SCOM Center to make a general offer for the shares of the Company which may otherwise arise as a result of the Equity Transfer. The Equity Transfer was completed on 28 December 2016. BBMG Group no longer holds any shares of the Company and Beijing SCOM Center has become the controlling shareholder of the Company. The Equity Transfer did not change the actual controller of the Company, which remains to be Beijing SASAC. For further details of the Equity Transfer, please refer to the announcements of the Company dated 17 October 2016, 24 October 2016, 14 November 2016, 18 November 2016, 23 November 2016, 25 November 2016 and 29 December 2016.

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

So far as was known to the Directors, as at 31 December 2016, 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	242,592,324	10.37	2.27
H Shares	FMR LLC	Investment manager	234,307,124	10.02	2.19
H Shares	BlackRock Global Funds	Beneficial owner	163,915,000	7.01	1.54
H Shares	JPMorgan Chase & Co.	Beneficial owner	4,346,458	0.19	0.04
		Investment manager	99,545,000	4.26	0.93
		Custodian-corporation/approved lending agent	114,864,600	4.91	1.08
		Total:	218,756,058	9.35	2.05
H Shares	Sloane Robinson LLP	Investment manager	140,994,000 *(Note 3)*	6.03	1.32

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*).

Note 3: As the Company conducted a bonus share issue on the basis of one bonus share for every one existing share on 17 June 2016 (for H Shares) and 7 July 2016 (for A Shares), the number of shares had been calculated by the Company based on the latest filings made by the substantial shareholder as at 31 December 2016, and as appropriate, multiplied by two.

Lending pool:

Type of shareholding	**Name of shareholder**	**Capacity and nature of interest**	**Number of Shares held**	**Percentage of such shareholding in the same type of issued share capital** *(%)*	**Percentage of total issued share capital** *(%)*
H Shares	JPMorgan Chase & Co.	Custodian-corporation/ approved lending agent	114,864,600	4.91	1.08

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	852,000	0.04	0.01
H Shares	JPMorgan Chase & Co.	Beneficial owner	2,019,000	0.09	0.02

Save as disclosed above, as at 31 December 2016, 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 2016, 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 2016, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the Reporting Period. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

CORPORATE GOVERNANCE CODE

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

During the Reporting Period, the Company had applied the laws and regulations of the places where it operates its business as well as the regulations and guidelines stipulated by regulatory authorities such as the China Securities Regulatory Commission, the Hong Kong Securities and Futures Commission, the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company had applied the principles and complied with all the code provisions of the corporate governance code (the "**CG Code**"), as amended from time to time, set out in Appendix 14 to the Listing Rules during the Reporting Period as its own code on corporate governance practices. During the Reporting Period, the Company had reviewed its corporate governance documents and is of the view that the Company had fully complied with the code provisions of the CG Code other than Code A.2.1, which requires that the roles of chairman and chief executive officer should be two separate roles and should not be performed by the same individual. Since 1 July 2015 and up to 4 August 2016, Mr. Jiang Deyi had served as the Chairman as well as the President of the Company. Despite such deviation, the Directors believe that as all major decisions are made in consultation with other members of the Board, there is appropriate balance of power and authority in place.

The Board received a resignation letter from Mr. Jiang Deyi because of his work adjustment on 5 August 2016 in respect of his duty as the President of the Company with effect from 5 August 2016. The Board has also approved the appointment of Mr. Zeng Jing as the President of the Company on 5 August 2016, for a term commencing from 5 August 2016 and expiring on the date of the annual general meeting of the Company for the year 2017. Accordingly, the Company has complied with code provision A.2.1 of Appendix 14 to the Listing Rules since 5 August 2016. For details of the resignation of Mr. Jiang Deyi as the President of the Company and the appointment of Mr. Zeng Jing as the President of the Company, please refer to the announcement of the Company dated 5 August 2016.

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.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 14 July 2016, the Board received an ex tempore proposal from BBMG Group (the former substantial shareholder of the Company) requesting for the inclusion of a special resolution to consider and approve the proposed amendments to the articles of association of the Company (the "**Articles of Association**") subsequent to the completion of the bonus share issue in June and July 2016 in order to reflect the changes in the share capital of the Company (the "**Proposal**") at the 2016 First Extraordinary General Meeting. Pursuant to the relevant provisions of laws, regulations and the Articles of Association, the Board resolved on 15 July 2016 to present the Proposal to the 2016 First Extraordinary General Meeting for consideration. Details of the amendments were disclosed in the announcements of the Company dated 15 July 2016 and 29 July 2016. The amendments to the Articles of Association took effect on 15 August 2016.

BOARD COMPOSITION

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

The Board received a resignation letter from Mr. Wang Shizhong because of his work re-designation on 19 February 2016 in respect of his duty as an executive director of the Company and a member of the Strategic Committee with effect from 19 February 2016. On 5 August 2016, the Board received a resignation letter from Mr. Li Weidong because of his work re-designation in respect of his duty as an executive director of the Company and a member of the Strategic Committee with effect from 5 August 2016. On 26 August 2016, the Board received a resignation letter from Mr. Shi Xijun because of his work re-designation in respect of his duty as an executive director of the Company and a member of the Audit Committee with effect from 26 August 2016. On 21 October 2016, the Board received a resignation letter from Mr. Zhang Jianli because of his work re-designation in respect of his duty as an executive director of the Company and a member of the Audit Committee with effect from 21 October 2016.

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 four independent non-executive Directors. At a meeting convened on 28 March 2017, 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 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 six members, namely Wu Dong (executive Director), Zang Feng (executive Director), Wang Guangjin (independent non-executive Director), Tian Lihui (independent non-executive Director), Tang Jun (independent non-executive Director) and Ngai Wai Fung (independent non-executive Director). Wang Guangjin (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 18 April 2017 (Tuesday) to 17 May 2017 (Wednesday), both days inclusive, for the purpose of determining entitlements of the Shareholders the right to attend and vote at the AGM. In order to qualify for the right to attend and vote at the forthcoming AGM of the Company to be held on 17 May 2017 (Wednesday), all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 13 April 2017 (Thursday).

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 26 May 2017 (Friday) to 31 May 2017 (Wednesday), 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 25 May 2017 (Thursday).

APPRECIATION

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

By order of the Board
BBMG Corporation*
Jiang Deyi
Chairman

Beijing, the PRC
29 March 2017

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