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 2012

2012 ANNUAL RESULTS HIGHLIGHTS

- Operating revenue of RMB34,054.1 million, increased by 18.5% from 2011
- Gross profit margin from principal business of 24.0%, decreased by 3.4 percentage points from 2011
- Net profit of RMB3,150.2 million, decreased by 12.3% from 2011
- Net profit attributable to the shareholders of the parent company of RMB2,965.1 million, decreased by 13.5% from 2011
- Core net profit attributable to the shareholders of the parent company (excluding the after tax net fair value gains on investment property) of RMB2,262.9 million, decreased by RMB583.1 million or 20.5% from 2011
- Basic earnings per share attributable to the ordinary equity holders of the Company was RMB0.69
- The Board proposed a final dividend of RMB0.071 per share for the year ended 31 December 2012

ANNUAL RESULTS

The board of directors (the "**Board**") of BBMG Corporation* (the "**Company**") is pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2012 (the "**Reporting Period**") together with the comparative figures for the year of 2011. These results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

* *for identification purposes only*

Pursuant to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" issued by The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") in December 2010 and the related amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements using Chinese Accounting Standards for Business Enterprises ("**CASBE**"), and Mainland accounting firms approved by the Ministry of Finance of The People's Republic of China and the China Securities Regulatory Commission are eligible to provide auditing services to these issuers using Mainland auditing standards to satisfy the disclosure requirements of the Hong Kong Stock Exchange. As such, at the annual general meeting 2011 of the Company held on 24 May 2012, the appointment of Ernst & Young Hua Ming as the sole external auditor of the Company for the year ending 31 December 2012 was considered and approved. As such, with effect from 2012, the Company would only adopt CASBE, but not Hong Kong accounting standards at the same time, in its preparation of financial statements.

RESULTS OF OPERATIONS

For the year ended 31 December 2012, the Group achieved a profit attributable to shareholders of the parent company of approximately RMB2,965.1 million, representing a decrease of approximately 13.5% over the last year; basic earnings per share was approximately RMB0.69 (year ended 31 December 2011: RMB0.81), representing a decrease of RMB0.12 over the last year; total equity attributable to shareholders was approximately RMB25,024.7 million as at the end of the Reporting Period, representing an increase of approximately RMB3,309.1 million at the beginning of the Reporting Period; and net asset value per share as at the end of the Reporting Period was approximately RMB5.35, representing an increase of approximately RMB0.65 at the beginning of the Reporting Period.

DIVIDEND

The Board recommended a final dividend of RMB0.071 per share for the year ended 31 December 2012 (year ended 31 December 2011: RMB0.072), subject to approval by the shareholders at the forthcoming annual general meeting to be held on 21 May 2013 (Tuesday).

Subject to and upon the approval of the shareholders of the forthcoming annual general meeting, the final dividend for the year ended 31 December 2012 is expected to be distributed on or around 28 June 2013 (Friday) to the holders of H shares whose names appear on the register of members on 29 May 2013 (the "**Record Date**"). According to the Law on Enterprise Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations shall be deemed as shares held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the enterprise income tax. The Company will not withhold individual income tax in respect of the dividends payable to any natural person shareholders whose names appear on the Company's H share register of members on the Record Date.

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

CONSOLIDATED INCOME STATEMENT

Unit: RMB

		2012	2011
Operating revenue	*3*	**34,054,096,003.32**	28,744,793,854.20
Less: Operating costs	*4*	**25,724,691,425.24**	20,791,321,334.03
Business tax and surcharges		**1,675,101,274.28**	1,168,533,970.17
Selling expenses		**1,350,600,351.81**	1,173,885,729.63
Administrative expenses		**2,189,075,391.00**	2,130,415,464.54
Finance costs	*5*	**902,397,834.88**	797,407,584.00
Asset impairment losses		**47,719,354.20**	193,304,303.46
Add: Gains from changes in fair value		**936,201,275.04**	776,747,551.26
Investment income/(loss)		**(7,142,672.11)**	314,894,380.33
Including: Share of profits/(losses) of associates and jointly-controlled entities		**(32,989,386.37)**	13,739,872.03
Operating profit		**3,093,568,974.84**	3,581,567,399.96
Add: Non-operating revenue		**931,016,234.14**	1,164,939,302.75
Less: Non-operating expenses		**70,607,884.18**	76,497,809.89
Including: Loss on disposal of non-current assets		**34,088,371.36**	19,195,284.86
Total profit		**3,953,977,324.80**	4,670,008,892.82
Less: Income tax expenses	*6*	**803,746,757.93**	1,076,883,633.98
Net profit		**3,150,230,566.87**	3,593,125,258.84
Including: Net profit of acquirees in business combination under common control prior to the combination		**–**	79,664,998.68
Net profit attributable to the shareholders of the parent company		**2,965,089,241.74**	3,428,644,623.62
Minority interests		**185,141,325.13**	164,480,635.22
Earnings per share	*7*		
Basic earnings per share (RMB/share)		**0.69**	0.81
Diluted earnings per share (RMB/share)		**0.69**	0.81
Other comprehensive gain		**117,016,679.78**	(18,574.38)
Total comprehensive income		**3,267,247,246.65**	3,593,106,684.46
Including:			
Total comprehensive income attributable to the shareholders of the parent company		**3,082,105,921.52**	3,428,626,049.24
Total comprehensive income attributable to minority interests		**185,141,325.13**	164,480,635.22

CONSOLIDATED BALANCE SHEET

Unit: RMB

	Notes	**31 December 2012**	31 December 2011
Assets			
Current Assets			
Cash and bank balances		**5,906,094,546.45**	7,918,479,363.14
Bills receivable		**1,028,662,688.14**	1,347,905,318.65
Accounts receivable	*9*	**3,991,796,374.16**	3,490,937,470.40
Prepayments		**909,415,140.77**	1,397,237,511.97
Interest receivable		**1,411,125.80**	1,858,662.81
Dividends receivable		**1,215,425.00**	–
Other receivables		**1,899,515,319.31**	2,458,939,025.66
Inventories		**32,286,890,673.48**	27,269,465,788.38
Other current assets		**1,076,877,652.29**	841,419,746.89
Total current assets		**47,101,878,945.40**	44,726,242,887.90
Non-current assets			
Available-for-sale financial assets		**–**	95,138.56
Long-term equity investments		**419,868,370.59**	440,313,672.69
Investment properties		**12,840,400,000.00**	11,599,000,000.00
Fixed assets		**15,331,150,630.80**	14,613,460,813.77
Construction in progress		**2,146,494,608.43**	950,567,721.98
Construction materials		**14,281,785.80**	15,242,793.42
Intangible assets		**3,600,681,639.16**	3,352,071,838.39
Goodwill		**312,051,745.55**	312,051,745.55
Long-term deferred expenditures		**189,228,562.12**	169,908,175.40
Deferred income tax assets		**1,205,767,342.49**	736,017,669.07
Total non-current assets		**36,059,924,684.94**	32,188,729,568.83
Total assets		**83,161,803,630.34**	76,914,972,456.74

	Notes	31 December 2012	31 December 2011
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	10	**11,388,286,880.00**	11,286,861,222.71
Bills payable		**430,004,020.52**	361,817,226.63
Accounts payable	11	**6,569,201,907.77**	5,124,354,120.51
Receipts in advance		**14,206,950,304.93**	11,621,778,319.64
Wages payable		**153,463,306.96**	143,715,522.38
Tax payable		**1,308,896,782.25**	850,968,870.46
Interest payable		**155,274,711.13**	121,856,589.77
Dividends payable		**43,048,069.19**	55,043,247.30
Other payables		**2,483,124,813.60**	3,578,163,312.55
Short-term financing bonds payable	12	**1,000,000,000.00**	–
Non-current liabilities due within one year		**2,576,020,000.00**	3,604,124,049.24
Other current liabilities		**3,148,676,380.69**	2,550,516,056.02
Total current liabilities		**43,462,947,177.04**	39,299,198,537.22
Non-current liabilities			
Long-term loans	13	**4,757,051,545.34**	7,772,597,451.30
Bonds payable	12	**6,692,453,587.34**	4,687,098,763.98
Long-term payables		**517,416,630.00**	528,129,048.14
Accrued liabilities		**100,077,202.17**	33,029,889.08
Deferred income tax liabilities		**1,989,993,217.02**	2,234,700,987.92
Other non-current liabilities		**617,175,147.70**	644,601,568.27
Total non-current liabilities		**14,674,167,329.57**	15,900,157,708.69
Total liabilities		**58,137,114,506.61**	55,199,356,245.91
Equity attributable to shareholders			
Share capital		**4,283,737,060.00**	4,283,737,060.00
Capital reserve		**5,395,792,993.51**	5,311,872,199.72
Specific reserve		**9,552,984.56**	–
Surplus reserve		**580,552,232.22**	340,879,231.86
Retained earnings		**12,634,399,124.91**	10,217,411,951.85
Exchange differences on foreign currency translation		**(130,112.92)**	(121,272.28)
Total equity attributable to the shareholders of the parent company		**22,903,904,282.30**	20,153,779,171.15
Minority interests		**2,120,784,841.43**	1,561,837,039.68
Total equity attributable to shareholders		**25,024,689,123.73**	21,715,616,210.83
Total liabilities and equity attributable to shareholders		**83,161,803,630.34**	76,914,972,456.74

NOTES:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises – Basic Standards and 38 specific accounting standards issued by the Ministry of Finance in February 2006 and the implementation guidance, interpretations and other relevant provisions issued subsequently.

2. 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 segment engages in the manufacture and sale of cement and concrete;

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

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

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

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

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

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

For the year ended 31 December 2012

Unit: RMB

2012

	Cement segment	Building materials and commerce and logistics segment	Property development segment	Property investment and management segment	Unallocated head office assets/ liabilities/overheads	Elimination on consolidation	Total
Revenue from external customer	11,662,344,179.50	9,557,119,100.30	11,006,341,023.75	1,828,291,699.77	–	–	34,054,096,003.32
Inter-segment revenue	9,230,558.34	488,293,436.84	–	97,087,019.87	–	(594,611,015.05)	–
	11,671,574,737.84	10,045,412,537.14	11,006,341,023.75	1,925,378,719.64	–	(594,611,015.05)	34,054,096,003.32
Gain/(loss) on investments in jointly controlled entities and associates	6,239,481.41	(40,445,694.72)	–	1,216,826.94	–	–	(32,989,386.37)
Asset impairment losses	52,814,341.54	5,487,164.33	(2,858,555.44)	(7,723,596.23)	–	–	47,719,354.20
Depreciation and amortization	861,290,813.61	102,152,427.39	7,916,287.70	77,025,881.04	58,168,026.16	–	1,106,553,435.90
Total profit	625,321,451.97	93,929,499.65	2,258,767,289.19	1,535,385,634.48	(562,962,176.46)	3,535,625.97	3,953,977,324.80
Income tax expense	187,535,597.01	48,887,646.80	586,960,733.43	(19,637,219.31)	–	–	803,746,757.93
Total assets	24,774,017,463.16	7,006,066,922.77	36,784,183,248.14	17,160,666,478.54	2,222,167,932.03	(4,785,298,414.30)	83,161,803,630.34
Total liabilities	12,805,332,632.87	3,566,863,982.34	32,205,497,477.73	7,847,581,691.93	6,675,698,867.92	(4,963,860,146.18)	58,137,114,506.61
Other disclosure:							
Long-term equity investment in jointly controlled entities and associates	24,657,633.65	368,733,392.60	10,000,000.00	4,551,378.08	–	–	407,942,404.33
Increase of other non-current assets other than long-term equity investment	3,145,940,490.53	322,706,361.15	13,847,937.40	228,209,626.46	–	–	3,710,704,415.54

2011

	Cement segment	Building materials and commerce and logistics segment	Property development segment	Property investment and management segment	Unallocated head office assets/ liabilities/overheads	Elimination on consolidation	Total
Revenue from external customer	13,118,235,794.37	5,181,248,253.45	9,015,403,150.92	1,429,906,655.46	–	–	28,744,793,854.20
Inter-segment revenue	34,206,952.75	378,600,394.22	7,661,118.55	224,683,017.99	–	(645,151,483.51)	–
	13,152,442,747.12	5,559,848,647.67	9,023,064,269.47	1,654,589,673.45	–	(645,151,483.51)	28,744,793,854.20
Gain/(loss) on investments in jointly controlled entities and associates	(3,226,181.01)	(38,079,351.36)	53,453,456.13	1,591,948.27	–	–	13,739,872.03
Asset impairment losses	36,091,109.50	16,862,884.70	11,773,829.77	128,576,479.49	–	–	193,304,303.46
Depreciation and amortization	845,853,061.42	103,457,148.74	8,106,842.05	110,453,146.35	26,964,802.86	–	1,094,834,801.42
Total profit	1,794,623,715.75	214,287,874.85	2,151,656,465.71	1,642,935,597.23	(641,117,025.56)	(492,377,735.16)	4,670,008,892.82
Income tax expense	423,637,204.43	55,948,883.77	381,930,757.63	215,366,788.15	–	–	1,076,883,633.98
Total assets	21,821,987,718.47	7,108,975,443.85	34,365,942,452.78	18,439,266,954.05	2,243,623,730.83	(7,064,823,843.24)	76,914,972,456.74
Total liabilities	11,096,394,242.39	4,381,743,663.80	30,866,217,607.31	9,967,619,938.96	7,932,266,220.11	(9,044,885,426.66)	55,199,356,245.91
Other disclosure:							
Long-term equity investment in jointly-controlled entities and associates	19,633,577.24	390,774,128.87	10,000,000.00	–	–	–	420,407,706.11
Increase in other non-current assets other than long-term equity investments	1,948,233,215.38	313,199,929.12	22,306,541.87	741,746,299.55	–	–	3,025,485,985.92

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 2012, the operating revenue from none of the major customers of the Group accounted for more than 10% of the Group's revenue (2011: None).

3. OPERATING REVENUE AND NON-OPERATING INCOME

Unit: RMB

Operating revenue is presented as follows:

	2012	2011
Income from principal business	**33,549,169,796.66**	28,234,382,964.40
Income from other business	**504,926,206.66**	510,410,889.80
	34,054,096,003.32	28,744,793,854.20

	2012	2011
Sale of products	**14,534,817,931.46**	16,146,997,285.98
Bulk commodity trade	**4,593,720,631.68**	477,967,956.00
Sale of properties and land	**10,915,924,393.00**	8,778,229,257.49
Rental income	**969,035,173.07**	831,876,191.99
Including: Rental income from investment properties	**820,222,198.59**	665,944,455.45
Rental income from other properties	**148,812,974.18**	165,931,736.54
Property management	**498,491,826.03**	443,577,843.88
Hotel management	**403,465,966.60**	287,082,414.45
Income from decoration	**1,232,317,624.86**	965,170,888.87
Disposal of solid waste	**366,110,514.33**	273,631,131.00
Others	**540,211,942.29**	540,260,884.54
	34,054,096,003.32	28,744,793,854.20

Income from principal business by segment:

	2012	2011
Cement	**11,461,142,954.17**	12,972,767,751.29
Modern building materials	**9,479,831,592.31**	5,074,967,649.12
Property development	**10,934,922,941.64**	8,779,335,254.15
Property investment and management	**1,673,272,308.54**	1,407,312,309.84
	33,549,169,796.66	28,234,382,964.40

Income from principal operations by product:

	2012	2011
Sale of products	**14,534,817,931.46**	16,146,997,285.98
Bulk commodity trade	**4,593,720,631.68**	477,967,956.00
Sale of properties and land	**10,915,924,393.00**	8,778,229,257.49
Including: Sales of affordable housing	**1,507,563,688.64**	2,732,966,135.00
Rental income from investment properties	**820,222,199.72**	665,944,455.45
Property management	**498,491,826.03**	443,577,843.88
Hotel management	**403,465,966.60**	287,082,414.45
Income from decoration	**1,232,317,624.86**	965,170,888.87
Disposal of solid waste	**366,110,514.33**	273,631,131.00
Others	**184,098,708.98**	195,781,731.28
	33,549,169,796.66	28,234,382,964.40

Non-operating income is presented as follows:

	2012	2011
Gains from disposal of non-current assets	**96,353,883.74**	462,730,381.87
Including: Gains from disposal of fixed assets	**96,353,883.74**	60,494,794.98
Gains from disposal of intangible assets	**–**	309,570,729.89
Gains from disposal of investment properties	**–**	92,664,857.00
Gains from debt restructuring	**30,115,945.05**	55,629,780.84
Gains on compensation, penalties and fines	**9,503,304.50**	4,732,200.33
Government grants	**678,513,991.95**	534,725,764.13
Unpayable amounts	**94,447,128.88**	25,514,899.13
Others	**22,081,980.02**	81,606,276.45
	931,016,234.14	1,164,939,302.75

4. COST OF SALES AND NON-OPERATING EXPENSES

Unit: RMB

Cost of sales is presented as follows:

	2012	2011
Operating costs of principal business	**25,494,913,969.49**	20,490,359,459.18
Operating costs of other business	**229,777,455.75**	300,961,874.85
	25,724,691,425.24	20,791,321,334.03

Costs of sales from principal business by segment:

	2012	2011
Cement	**9,616,815,840.11**	10,157,074,512.24
Modern building materials	**8,446,204,922.92**	4,050,536,073.69
Property development	**6,798,927,674.61**	5,769,857,661.39
Property investment and management	**632,965,531.85**	512,891,211.86
	25,494,913,969.49	20,490,359,459.18

Costs of sales from principal operations by product:

	2012	2011
Sale of products	**12,108,467,697.14**	12,435,889,889.76
Bulk commodity trade	**4,568,062,932.75**	470,301,728.26
Sale of properties and land	**6,787,638,016.59**	5,828,076,989.19
Including: Sales of affordable housing	**1,278,581,906.09**	2,257,673,654.99
Rental income from investment properties	**63,593,538.60**	74,202,806.03
Property management	**307,122,178.88**	270,782,096.44
Hotel management	**220,094,781.06**	148,911,519.00
Income from decoration	**1,085,219,695.60**	908,639,576.52
Disposal of solid waste	**204,704,592.19**	209,701,042.02
Others	**150,010,536.68**	143,853,811.96
	25,494,913,969.49	20,490,359,459.18

Non-operating expenses are presented as follows:

	2012	2011
Losses from disposal of non-current assets	**34,088,371.36**	19,195,284.86
Including: Losses from disposal of fixed assets	**34,088,371.36**	19,195,284.86
Losses from natural disasters	**3,971,183.92**	218,699.36
Donation	**861,934.77**	1,380,850.00
Losses on compensation, penalties and fines	**10,189,658.90**	24,816,545.46
Others	**21,496,735.23**	30,886,430.2
	70,607,884.18	76,497,809.89

5. FINANCE COSTS

Unit: RMB

	2012	2011
Interest expense	**1,666,934,439.53**	1,344,991,550.12
Including: Interest on bank loans, overdrafts, and other loans wholly repayable within five years	**1,637,299,518.07**	1,344,991,550.12
Interest on other loans	**29,634,921.46**	–
Less: Interest income	**70,507,159.39**	26,443,677.00
Less: Amount of interest capitalized *(Note)*	**723,672,304.44**	538,670,453.32
Exchange gains and losses	**1,165,125.32**	(539,533.96)
Handling charges	**24,466,462.39**	16,681,844.96
Others	**4,011,271.47**	1,387,853.20
	902,397,834.88	797,407,584.00

Note: The amount of capitalized interest has been included in the balances of construction in progress and properties under development.

6. INCOME TAX EXPENSE

Unit: RMB

	2012	2011
Current income tax expense	**1,615,032,589.40**	1,118,013,009.10
Deferred income tax expense	**(811,285,831.47)**	(41,129,375.12)
	803,746,757.93	1,076,883,633.98

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

	2012	2011
Total profit	**3,953,977,324.80**	4,670,008,892.82
Income tax expense at the statutory income tax rate of 25% *(Note 1)*	**988,494,331.20**	1,167,502,223.20
Tax effect of different tax rates of some subsidiaries	**(26,708,179.09)**	(40,817,051.03)
Share of profits and losses of joint ventures and associates	**8,247,346.59**	11,693,180.76
Income not subject to tax	**(68,157,666.51)**	(204,679,829.48)
Expenses not deductible	**37,625,225.59**	31,680,349.92
Deductible losses utilized from previous years	**(200,694,648.15)**	(11,382,238.85)
Adjustments on the current income tax expense of previous periods	**2,659,087.80**	(3,524,997.74)
Effect of deductible temporary difference unrecognized and deductible losses	**62,281,260.50**	126,411,997.20
Income tax expense at the Group's effective tax rate	**803,746,757.93**	1,076,883,633.98

Note 1: Income tax of the Group shall be calculated based on the applicable tax rate and the estimated taxable income from the PRC. 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 jointly-controlled entities and associates for 2012 were RMB453,911.92 and RMB2,488,820.07 respectively (for 2011: RMB413,912.37 and RMB3,330,513.95 respectively).

7. 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:

	2012	2011
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company *(RMB)*	**2,965,089,241.74**	3,428,644,623.62
Shares		
Weighted average number of ordinary shares in issue of the Company *(Note)*	**4,283,737,060.00**	4,224,144,069.10

The Company did not have potentially dilutive ordinary shares.

Note: In February 2011, the Company issued 410,404,560 new shares, after which there were 4,283,737,060 ordinary shares in issue of the Company. Consequently, earnings per share for 2011 are calculated based on the adjusted number of shares.

8. DIVIDEND

	2012	2011
	RMB'000	*RMB'000*
Proposed final – RMB0.071 (2011: RMB0.072) per ordinary share	**304,145**	308,429

The proposed final dividend for the year 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 annual general meeting.

9. ACCOUNTS RECEIVABLE

The credit period of accounts receivable is usually one month to three months. The accounts receivable bears no interest.

An aged analysis of accounts receivable is as follows:

Unit: RMB

	31 December 2012	31 December 2011
Within 1 year	**3,622,522,577.51**	3,232,389,198.26
1 to 2 years	**435,084,218.32**	343,961,433.84
2 to 3 years	**81,854,995.55**	66,724,887.30
3 to 4 years	**32,669,200.80**	48,068.654.92
4 to 5 years	**23,710,472.97**	71,508,300.35
Over 5 years	**87,198,610.71**	87,831,645.69
	4,283,040,075.86	3,850,484,120.36
Less: Provision for bad debt of accounts receivable	**(291,243,701.70)**	(359,546,649.96)
	3,991,796,374.16	3,490,937,470.40

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

	2012	2011
Opening balance for the year	**359,546,649.96**	365,311,918.39
Provision for the year	**46,003,705.19**	44,653,953.10
Transfer in from acquisition of subsidiaries	**–**	4,727,731.80
Reversal for the year	**(22,008,917.38)**	(27,344,392.17)
Write-off for the year	**(90,328,285.46)**	(27,802,561.16)
Transfer out on disposal of subsidiaries	**(1,969,450.61)**	–
Closing balance for the year	**291,243,701.70**	359,546,649.96

10. SHORT-TERM LOANS

Unit: RMB

	31 December 2012	31 December 2011
Pledged loans	**30,808,880.00**	9,850,000.00
Mortgaged loans	**250,000,000.00**	480,000,000.00
Guaranteed loans	**799,978,000.00**	637,470,000.00
Credit loans	**10,307,500,000.00**	10,159,541,222.71
	11,388,286,880.00	11,286,861,222.71

11. ACCOUNTS PAYABLE

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

An aged analysis of accounts payable is as follows:

Unit: RMB

	31 December 2012	31 December 2011
Within 1 year	**4,868,812,557.66**	4,170,179,825.53
1 to 2 years	**1,317,545,708.47**	562,097,531.33
2 to 3 years	**228,144,901.50**	276,770,222.96
Over 3 years	**154,698,740.14**	115,306,540.69
	6,569,201,907.77	5,124,354,120.51

12. SHORT-TERM FINANCING BONDS PAYABLE AND BONDS PAYABLE

Unit: RMB

2012

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Non-current:				
Corporate bonds	1,887,098,763.98	8,154,823.36	–	1,895,253,587.34
Medium-term notes	2,800,000,000.00	2,000,000,000.00	(2,800,000.00)	4,797,200,000.00
	4,687,098,763.98	2,008,154,823.36	(2,800,000.00)	6,692,453,587.34
Current:				
Short-term financing bonds	–	1,000,000,000.00	–	1,000,000,000.00
	4,687,098,763.98	3,008,154,823.36	2,800,000.00	7,692,453,587.34

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 in open market, totaling RMB1,900,000,000 at a nominal interest rate of 4.32%.

Pursuant to the approval as considered and approved by the 2009 annual general meeting of the Company held on 29 June 2010, the Company intended to issue medium-term notes of no more than RMB3,400,000,000 with a maturity of 5 years. As at 8 September 2010, the registration for the issue of the medium-term notes was accepted by the National Association of Financial Market Institutional Investors pursuant to the Notice of Registration Acceptance (Zhong Shi Xie Zhu [2010] No.MTN89). According to such notice, the medium-term notes issued by the Company had a registered amount of RMB2,800,000,000 and a term of 2 years, and may be issued in tranches within the term. As at 29 September 2010, the Company completed the issue of the first tranche of medium-term notes totaling RMB2,000,000,000 with a term of 5 years and a nominal interest rate of 4.38%. As at 7 December 2010, the Company completed the issue of the second tranche of medium-term notes totaling RMB800,000,000 with a term of 5 years and a nominal interest rate of 5.85%.

As considered and approved by the 2011 annual general meeting of the Company held on 24 May 2012, the Company intended to issue debentures (including short-term financing bonds and medium-term notes) of no more than RMB3,000,000,000. According to the document (Zhong Shi Xie Zhu [2012] No.MTN241) issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of medium-term notes of 2012 totaling RMB2,000,000,000 with a term of 5 years and a nominal interest rate of 5.58% on 18 and 19 September 2012. According to the document (Zhong Shi Xie Zhu [2012] No. CP243) issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of short-term financing bonds of 2012 totaling RMB1,000,000,000 with a term of 365 days and a nominal interest rate of 4.80% on 18 September 2012.

The interests of the above corporate bonds, medium-term notes and short-term financing bonds for the period were charged to interests payable.

13. LONG-TERM LOANS

Unit: RMB

	31 December 2012	31 December 2011
Mortgaged loans	**1,992,711,545.34**	1,956,837,451.30
Guaranteed loans	**1,764,340,000.00**	2,121,760,000.00
Credit loans	**1,000,000,000.00**	3,694,000,000.00
	4,757,051,545.34	7,772,597,451.30

14. NET CURRENT ASSETS

Unit: RMB

	31 December 2012	31 December 2011
Current assets	**47,101,878,945.40**	44,726,242,887.90
Less: Current liabilities	**43,462,947,177.04**	39,299,198,537.22
Net current assets	**3,638,931,768.36**	5,427,044,350.68

15. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	31 December 2012	31 December 2011
Total assets	**83,161,803,630.34**	76,914,972,456.73
Less: Current liabilities	**43,462,947,177.04**	39,299,198,537.21
Total assets less current liabilities	**39,698,856,453.30**	37,615,773,919.52

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the annual results of the Group for year ended 31 December 2012, and the operating results of the Group during the said period for your review.

Annual Results

During the Reporting Period, the Company's revenue amounted to approximately RMB34,054.1 million, representing a year-on-year increase of approximately 18.5%; profit attributable to the shareholders of the parent company was approximately RMB2,965.1 million, representing a year-on-year decrease of approximately 13.5%; basic earnings per share attributable to the shareholders of the parent company was approximately RMB0.69.

Business Environment

During the Reporting Period, the world economy saw a slowdown in its growth momentum. The Eurozone sovereign debt crisis faced uncertain prospects, and the risk for an economic downside further heightened. China's economic growth slowed down, yet the overall national economy remained steady. Domestic economy achieved growth while maintaining stability. Under the impact of the domestic and international economic landscapes, the national demand for cement witnessed a slowdown. Competition in the market intensified, leading to a year-on-year decrease in both profit and price. Benefiting from the favourable market opportunities, the property market gradually recorded noticeable pick-ups in trading volume.

Review

Addressing the challenging global economic environment and the complex economic landscapes at home and abroad, the Board seized development opportunities accurately by defining a clear direction for development, formulating development strategies in a scientific manner and fine-tuning the growth path. Capitalizing on the industry regulatory policies, the Company stepped up efforts to draw upon its leading advantages in strategic planning, execution of major projects, management integration and innovation-driven system, and maintained a steady and healthy growth in the Company's operation results.

Despite the mixed and grim business environment and fierce market competition during the Reporting Period, the four major business segments of the Company overcame various challenges and difficulties and seized development opportunities while continuously enhancing overall strength. By earnestly pressing ahead with its strategic planning, the Company further broadened the path of development with smoothly progressing major projects as new growth drivers and the expanding strategic resource reserves as new pillars of sustainability. The cement and ready-mixed concrete segment achieved new progress in the "grand cross-shape" (大十字) strategic layout for target areas through "seismic wave" (地震波) orderly expansions and in the transformation progress towards green development, leading to constantly elevated sustainability. The property development segment deepened the adjustments to the "two structures" (兩個結構) under the strategy of "accelerating cash flow" (好水快流), posting remarkable business performance. The property investment and management segment carried forward its integrated advantages and maintained a satisfactory growth momentum under the established guideline of "Rooted in Beijing and extending the footprint orderly" (立足北京，有序拓展). On modern building materials and commerce and logistics segment, the industrial park-based model highlighted its cluster strength fuelled by the emerging commerce and logistics operations.

The corporate governance structure was refined constantly, providing strong management fundamentals to boost the company-wide vitality. By speeding up the paces in transformation and upgrade and improving its innovation-driven system, the Company further reinforced its foundation for rapid development as a market leader. With the increasing fruits of capital operations, the improvements in internal control and management system were pushed forward, which secured the overall growth with better synergy.

Given the instability and uncertainties of global economic recovery and an overview of the international and domestic economic landscapes, the PRC is still in a crucial stage of strategic opportunities. The Central Government adhered to proactive fiscal policies and prudent monetary policies under the key note of "making progress while maintaining stability". Keeping in line with the overall regulatory environment for the property industry, the overwhelming trend of urbanization and the call for "intensive, intelligent, green and low-carbon" growth model that are closely related to its business segments, the Company proactively aligned itself with the changing situation and developed scientific and forward-looking strategy for advancing with the times, thus riding on the dynamics and keeping ahead of the peers in the PRC.

Prospects

Looking into 2013, the Company will seek to accurately judge macroeconomic situation and grasp external opportunities in order to further boost the capability of advancing with the times. To this end, the Company will further strengthen and optimize its core business chain to maintain strong market competitiveness. Meanwhile, the Company will strive to make more innovative progress in broadening the path for development in a scientific approach, and foster new drivers and inspire new vitality for innovation-driven development. In particular:

The cement and ready-mixed concrete segment will adhere to the "grand cross-shape" (大十字) layout for strategic region through the "seismic wave" (地震波) orderly expansions to expedite the regional consolidation of cement and ready-mixed concrete business and the control of upstream and downstream resources while forging ahead the industrial base clusters undertaken by its regional stronghold enterprises, so as to secure and heighten additional strengths in regional competition. It will follow the established sustainable growth model featuring transformation and upgrade, clean production and energy saving and emission reduction, earnestly fulfilling the corporate social responsibilities as "a city purifier and a good helper to government" (城市淨化器，政府好幫手). The segment will stick to the approach of focusing both on organic growth and external expansion, further strengthening its fundamental management, technology innovation, resource integration and risk management endeavours to sharpen its unique competitiveness in market competition. Furthermore, it will commit more efforts in developing the ready-mixed concrete business based on enhanced innovation and management compatibility, aiming at a leap-forward growth underpinned by significantly upgraded control over the end market.

The property development segment will push forth the adjustments to the "two structures" (兩個結構) under the strategy of "accelerating cash flow" (好水快流), improving the mechanism and introducing innovative approaches in land acquisition. Efforts will be also made in speeding up the collection of receivables and the capital turnover efficiency. In light of the philosophy of "development-integration-expansion" (開發、扎根、拓展), the segment will establish a positive cycle of "project development – product sale – land reserve" to provide more fundamental supports to sound and rapid development on a sustainable basis. Moreover, it will step up the attempts to establish an investment mechanism for community property management service providers, seeking to boost the reputation and influence of the Company's property development segment based on improving property management performance and service quality.

The property investment and management segment will continue to rationally increase investments in multifaceted properties held for operation with a focus on Beijing through multiple channels, so as to expand the operating scale and maintain the leading position. With a focus on operating efficiency, management ability and service quality of various properties, the segment will seek to upgrade its service and management level and market image while consolidating and deepening the effect of business integration to tap on growth potentials, aiming to secure more projects to create new income streams for the Company backed by the existing industrial base.

The modern building materials segment will give full play to its advantages in centralized operations under the industrial park-based and industry-clustered model, high entry threshold, refined product mix and significant economies of scale. It will speed up the planning and implementation momentum, improve infrastructure and supporting facilities, continuously enhance project construction for overall expansion, as well as enhance the research and development capability under an innovative mechanism and optimized management model so as to achieve sustainable development. The segment is committed to gradually taking the lead in the industry by further improving the segment-wide marketing platform and further upgrading its operating and management efficiency.

The Company will continue to promote innovations in mechanism, management and system, elevate standards of internal control, and continuously improve its corporate governance structure featuring coordinated operation, effective implementation and scientific check and balance. In light of the well-established development concept of "environmental friendly, resource saving, technologically advanced and urban servicing" (環境友好型、資源節約型、技術先進型、城市服務型), the Company will stick to the development principle of "a harmonious integration of economic, social and ecological benefits", and are speeding up the transformation process towards green development. The Company will also strengthen the building of its corporate cultural system, making it a humanistic cornerstone to secure business opportunities and sustainable development amid fierce competition.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Information

	2012	2011	Change
	RMB'000	*RMB'000*	
Operating revenue	**34,054,096**	28,744,794	18.5%
Revenue from principal business	**33,549,170**	28,234,383	18.8%
Gross profit from principal business	**8,054,256**	7,744,024	4.0%
Gross profit margin from principal business	**24.0%**	27.4%	a decrease of 3.4 percentage points
Net profit attributable to the shareholders of the parent company	**2,965,089**	3,428,645	–13.5%
Basic earnings per share attributable to the ordinary equity holders of the Company	**RMB0.69**	RMB0.81	–14.8%
Cash and banks balances	**5,906,095**	7,918,479	–25.4%
Current assets	**47,101,879**	44,726,243	5.3%
Current liabilities	**43,462,947**	39,299,199	10.6%
Net current assets	**3,638,932**	5,427,044	–32.9%
Non-current assets	**36,059,925**	32,188,730	12.0%
Non-current liabilities	**14,674,167**	15,900,158	–7.7%
Total assets	**83,161,804**	76,914,972	8.1%
Total equity attributable to the shareholders of the parent company	**22,903,904**	20,153,779	13.7%
Debt ratio (total liabilities to total assets) (%)	**69.9**	71.8	a decrease of 1.9 percentage points

Summary of Business Information

	2012	2011	Change
1. Cement Segment			
Sales volume:			
Cement (in thousand tonnes)	**35,400**	36,720	–3.6%
Concrete (in thousand cubic meters)	**9,020**	7,410	21.7%
2. Modern Building Materials Segment			
Sales volume:			
Refractory materials (in thousand tonnes)	**213**	270	–21.1%
3. Property Development Segment			
Booked GFA (in thousand sq.m.)	**836**	836	0.0%
Presales (sales) GFA (in thousand sq.m.)	**1,294**	973	33.0%
4. Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	**760**	742	2.4%

DISCUSSION AND ANALYSIS ON THE BUSINESS OPERATIONS DURING THE REPORTING PERIOD

Given the adverse factors in 2012 such as downward adjustment of domestic economic growth, slowdown in infrastructure investment and tightened resource constraints, while upholding the objectives set at the beginning of the year, the Board of the Company has adhered to standardized operation, scientific decisions and advance planning guided by the development planning of the Company, adjusted and improved business structure continuously, optimized the integration of internal resources, and accelerated the transformation of growth model. Meanwhile, the regional and brand advantages played a greater role in measures regarding market expansion, dynamic adjustment to sales strategies, budget management enhancement, internal potential tapping and energy consumption reduction.

The overall economy of the Company realized a steady and relatively fast development. During the Reporting Period, the Company recorded operating revenue of RMB34,054 million, among which revenue from principal business amounted to RMB33,549 million, representing a year-on-year increase of 18.82%, total profit amounted to RMB3,954 million, representing a year-on-year decrease of 15.33%, net profit amounted to RMB3,150 million, representing a year-on-year decrease of 12.33%, and net profit attributable to the shareholders of the parent company amounted to RMB2,965 million, representing a year-on-year decrease of 13.52%.

1. Cement and Ready-Mixed Concrete Segment

Given the unprecedented challenging situation and fierce competition, the Company planned ahead, mobilized and utilized all the favorable factors and strived to gain an edge in the market for the cement segment. Firstly, the segment continued to leverage on the industrial synergy and inter-segment interaction mechanism, improve customer service system and diversify marketing approaches, leading to a firmer voice in the market of fierce competition. Secondly, the segment continued to optimize the industrial layout, extend industrial chain, enrich the essence of the Company's "grand cross-shape" (大十字) strategy, so as to constantly consolidate and expand the influence over regional market. Thirdly, the segment refined the measures on control and management, enhanced benchmarking management, cost management, quality control and centralized material supply management, resulting in pronounced improvements in economic operation quality and overall efficiency level. Fourthly, the segment stepped up efforts in technology innovation with accelerated transformation and upgrading, so as to maintain the leading edge in the synergistic use of cement kiln for the disposal of urban waste. Fifthly, the segment vigorously advocated the "Green Mine" (綠色礦山) construction and reinforced resource reserves, thus bolstering sustainability.

In 2012, the cement segment recorded revenue from its principal business of RMB11,470 million, a year-on-year decrease of 11.82%, with gross profit from principal business of RMB1,803 million, a year-on-year decrease of 35.95%. The consolidated sales volume of cement and clinker reached 35.4 million tonnes, a year-on-year decrease of 3.6%, among which cement sales volume amounted to 28.31 million tonnes, clinker sales volume amounted to 7.09 million tonnes, while the aggregated gross profit margin for cement and clinker was 15.33%, a year-on-year decrease of 7.67 percentage points. Sales volume of concrete totalled 9.02 million cubic meters, a year-on-year increase of 21.76%, while the gross profit margin for concrete was 15.19%, a year-on-year increase of 4.49 percentage points.

2. Modern Building Materials and Commerce and Logistics Segment

Given the pressure from the weakening market demand, the segment took the initiative to grasp the opportunity brought by favorable policies, accelerated the adjustment to marketing pattern, improved economic operation quality and shifted the focus on the development of commerce and logistics business, thus facilitating the simultaneous growth in the overall revenue and operational efficiency of the segment.

In 2012, the modern building materials segment recorded revenue from its principal business of RMB9,945 million, a year-on-year increase of 82.15%, while the gross profit from principal business amounted to RMB1,063 million, a year-on-year decrease of 0.66%.

3. Property Development Segment

Earnestly implementing the adjustment to “two structures” (兩個結構) and the strategy of “accelerating cash flow” (好水快流), the segment firmly grasped market transition opportunity, constantly improved the alignment with the affordable housing policies, timely optimized the sales strategy of commodity housing, enhanced project control and management, stepped up project quality control and innovated project development model, thus achieving a steady overall development.

In 2012, the property development segment recorded revenue from its principal business of RMB10,935 million, a year-on-year increase of 24.54%, while the gross profit from principal business was RMB4,136 million, a year-on-year increase of 39.87%. The booked GFA for the year was 836 thousand sq.m, remaining flat year-on-year, among which booked GFA of commodity housing amounted to 595 thousand sq.m, a year-on-year increase of 23.01%, and booked GFA of affordable housing amounted to 241 thousand sq.m, a year-on-year decrease of 31.51%. Aggregated contracted sales area of the Company for the year was 1,294.4 thousand sq.m, a year-on-year increase of 33.01%, among which contracted sales area for commodity housing amounted to 768.2 thousand sq.m, a year-on-year increase of 81.21%, and contracted sales area for affordable housing amounted to 526.2 thousand sq.m, a year-on-year decrease of 4.21%. As at the end of the Reporting Period, the Company had a land reserve totaled 5,400 thousand sq.m.

4. Property Investment and Management Segment

Against the backdrop of complicated economy, both domestic and abroad, and the intensified industrial growth pressure, the segment made full use of the integrated advantages and the industrial characteristics of each enterprise with innovative approaches in operating and management, active optimization and adjustment and thorough potential exploration, solidly fulfilling every economic target and key project with pronounced improvement in economic scale and development quality.

In 2012, the property investment and management segment recorded revenue from its principal business of RMB1,741 million, a year-on-year increase of 20.72%, while the gross profit from principal business was RMB1,090 million, a year-on-year increase of 21.96%. As at the end of the Reporting Period, the Company has investment properties totalling 760 thousand sq.m in the core districts of Beijing.

Analysis of Assets and Liabilities

Unit: RMB'000

	As at 31 December 2012	As at 31 December 2011	Change
Cash and bank balances	5,906,094.5	7,918,479.4	–25.4%
Prepayments	909,415.1	1,397,237.5	–34.9%
Dividends receivable	1,215.4	–	N/A
Inventories	32,286,890.7	27,269,465.8	18.4%
Available-for-sale financial assets	–	95.1	–100.0%
Investment properties	12,840,400.0	11,599,000.0	10.7%
Fixed assets	15,331,150.6	14,613,460.8	4.9%
Construction in progress	2,146,494.6	950,567.7	125.8%
Deferred income tax assets	1,205,767.3	736,017.7	63.8%
Short-term loans	11,388,286.9	11,286,861.2	0.9%
Accounts payable	6,569,201.9	5,124,354.1	28.2%
Receipts in advance	14,206,950.3	11,621,778.3	22.2%
Tax payable	1,308,896.8	850,968.9	53.8%
Other payables	2,483,124.8	3,578,163.3	–30.6%
Short-term financing bonds payable	1,000,000.0	–	N/A
Long-term loans	4,757,051.5	7,772,597.5	–38.8%
Bonds payable	6,692,453.6	4,687,098.8	42.8%
Accrued liabilities	100,077.2	33,029.9	203.0%

Cash and bank balances decreased RMB2,012,384,900, which was mainly attributable to the acquisition and construction of long-term assets and the repayment of interest-bearing liabilities.

Prepayments decreased RMB487,822,400, which was mainly attributable to the decrease in prepayments for materials.

Dividends receivable increased RMB1,215,400, which was mainly attributable to the delay payment of dividends declared by investees of the Company in 2012.

Inventories increased RMB5,017,424,900, which was mainly attributable to the increased investment in development projects.

Available-for-sale financial assets decreased RMB95,100, which was mainly attributable to the disposal of the shares held by the Company in Bank of Beijing Co., Ltd.

Investment properties increased RMB1,241,400,000, which was mainly attributable to the change in the fair value of investment properties.

Fixed assets increased RMB717,689,800, which was mainly attributable to the acquisition and construction of fixed assets as well as the transfer of construction in progress to fixed assets during the Reporting Period.

Construction in progress increased RMB1,195,926,900, which was mainly attributable to the increased investment in projects under construction.

Deferred income tax assets increased RMB469,749,600, which was mainly attributable to the unrealized gains and losses of intra-group transactions and the recognition of deferred income tax arising from the carrying amount of the provision of land appreciation tax exceeding tax base.

Short-term loans increased RMB101,425,700, which was mainly attributable to the banking financing of the Group due to the increase in capital requirement driven by business growth.

Accounts payable increased RMB1,444,847,800, which was mainly attributable to the increase in accounts payable for material purchases.

Receipts in advance increased RMB2,585,172,000, which was mainly attributable to the presale of property projects.

Tax payable increased RMB457,927,900, which was mainly attributable to the increase in the provision made for relevant taxes according to the relevant requirements.

Other payables decreased RMB1,095,038,500, which was mainly attributable to the payment of the consideration for the acquisition of equity interests to China Cinda Asset Management Co., Ltd.

Short-term financing bonds payable increased RMB1,000,000,000, which was mainly attributable to the new issue of short-term financing bonds during the Reporting Period.

Long-term loans decreased RMB3,015,546,000, which was mainly attributable to the transfer of certain long-term loans due within one year to current liabilities.

Bonds payable increased RMB2,005,354,800, which was mainly attributable to the issuance of medium-term notes during the Reporting Period.

Accrued liabilities increased RMB67,047,300, which was mainly attributable to the provision made by cement enterprises of the Company for mine rehabilitation expenses.

INVESTMENT PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2012

	Location	Usage	Property Gross Area *(thousand sq.m.)*	Fair Value *(RMB million)*	Rental Unit Price *(RMB/day)*	Average Occupancy Rate *(Note)*	Unit Fair Value *(RMB/sq.m.)*
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	Commercial	105	2,440	8.3	90%	23,238
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	Commercial	145	2,706	6.1	94%	18,662
Phase 3 of Global Trade Center (G/F)	North Third Ring Road, Beijing	Retail	61	974	5.8	91%	15,967
Tengda Plaza	West Second Ring Road, Beijing	Commercial	78	1,276	6.3	95%	16,359
Jin Yu Building	West Second Ring Road, Beijing	Commercial	44	890	7.3	87%	20,223
Jianda Building/ Jiancai Jingmao Building	East Second Ring Road, Beijing	Commercial	48	1,015	4.2	97%	21,146
Dacheng International Center	East Fourth Ring Road, Beijing	Commercial	42	537	2.9	100%	12,823
	Sub-total		**523**	**9,838**			
Other properties	Beijing Municipality	Commercial and retail	237	3,002			
	Total		**760**	**12,840**			**16,888**

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

Analysis of 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 as compared with last year (%)	Increase or decrease in gross profit margin from principal business compared with last year
Cement	11,470.4	9,667.6	15.7	-11.8	-5.2	Decrease of 5.9 percentage points
Modern Building Materials	9,945.4	8,882.4	10.7	82.2	102.3	Decrease of 8.9 percentage points
Property Development	10,934.9	6,798.9	37.8	24.5	16.8	Increase of 4.2 percentage points
Property Investment and Management	1,741.1	650.7	62.6	20.7	18.7	Increase of 0.6 percentage point
Elimination	-542.6	-504.7	–	–	–	
Total	**33,549.2**	**25,494.9**	**24.0**	**18.8**	**24.4**	Decrease of 3.4 percentage points

2. Investment properties measured at fair value

The Company conducted a subsequent measurement of the investment properties at fair value at the end of the Reporting Period. Changes in fair value are recognised in "gains from changes in fair value" on the face of the consolidated income statement. The fair value is revalued by an independent professionally qualified valuer based on the prices in the open market on a regular basis.

No depreciation or amortisation 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 recognised in the profit or loss for the period.

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group were RMB936.2 million, accounting for 23.7% of the profits before tax. The fair value gains on investment properties during the period were mainly due to an upward revision to the fair value of the investment properties of the Group by the valuer based on the significant rise in rental of commercial properties on the open market in general in Beijing.

3. Expenses during the Reporting Period

(1) Selling expenses were RMB1,350.6 million, an increase of RMB176.7 million year-on-year. Such increase in selling expenses including labor costs and transportation costs was mainly due to business expansion.

(2) Administrative expenses were RMB2,189.1 million, an increase of RMB58.7 million year-on-year. Such increase in administrative expenses including labor costs was mainly due to business expansion.

(3) Finance costs were RMB902.4 million, an increase of RMB105.0 million year-on-year. Such increase was mainly due to the increase in average amount and average interest rate of loans of the Group during the Reporting Period.

4. Cash flows

In 2012, a net decrease of RMB1,568.8 million in cash and cash equivalents was recognised in consolidated financial statements of the Company. Such decrease was the net result of (i) the net cash inflow generated from operating activities of RMB4,310.8 million, an increase of RMB5,446.5 million year-on-year, which was attributable to the Company's enhanced efforts in cash recoverability during the Reporting Period; (ii) the net cash outflow generated from investment activities of RMB3,393.9 million, an increase in outflow of RMB976.2 million year-on-year, which was attributable to the increase in investment amount for the acquisition and construction of long-term assets, etc. during the Reporting Period; (iii) the net cash outflow generated from financing activities of RMB2,484.5 million, which was attributable to the increase in repayment of loans during the Reporting Period and (iv) the exchange realignment of RMB1.2 million.

CORE COMPETENCE ANALYSIS

The Company is one of the 12 large cement enterprises that received key support from the Central Government and the biggest cement and concrete manufacturer and supplier in the region covering Beijing, Tianjin and Hebei Province, one of the largest building materials manufacturers in the PRC and the leader of building materials industry in Pan Bohai Economic Rim, one of the property developers with the strongest comprehensive strengths and an affordable housing developer with the earliest development, the largest quantity of projects and the most comprehensive system in Beijing region, and one of the largest holder and manager of investment properties in Beijing. The four major business segments of the Company have witnessed strong growth and synergetic development, extending their principal businesses to nearly 20 provinces, cities and regions in the PRC.

The core competence of the Company is detailed as follows:

1. Competitive Edge in the Core Industrial Chain

The unique industrial chain development model with four business segments has been brought to life by the core industrial chain of "cement and ready-mixed concrete-modern building materials and commerce and logistics-property development-property investment and management". The overall advantage stands out with prominent inter-segmental synergy.

2. Competitive Edge in Technology R&D

The Company continues to enhance its investment in technology R&D in a move to ensure the smooth advancement of each technology innovation project. In respect of technologies, the Company has a sharp edge in the industry which provides the Company with an enduring source of growth. By actively integrating resource of technology innovations, the Company built a brand new technology innovation system of "1+N", a national, provincial and municipal level platform for technology innovation. In 2012, the platform passed multiple national and provincial (municipal) level reviews of technology innovation platform. The first Academician Expert Workstation (院士專家工作站) in refractory industry is settled at Tongda Refractory Technology Corporation (a subsidiary of the Company). Taking part in 10 national science and technology projects in 2012, the Company filed 61 national patents and formulated or played a role in formulating 12 national and local standards, and received external technology funding support of RMB13.27 million.

3. Competitive Edge in the Development of Circular Economy

Based on the integration of Beijing, Tianjin and Hebei Province and the capital city's objective of "People's Beijing, High-Tech Beijing and Green Beijing", the Company is putting more efforts in developing circular economy and low-carbon economy to embark on a sustainable path, as a result, providing the market with green environment-friendly and energy-saving products. As one of the first-batch pilot enterprises, the Company has been advocating the circular economy through the application of cement kiln technology, a proprietary technology of the Company that makes use of the advantage of the cement kiln, to generate power from its residual heat, to dispose industrial wastes, sludge from sewage treatment plants and hazardous wastes and to control fly ashes from garbage incineration, leading to a coordinated synergy of economic, social and ecological efficiency. The application of the technology also provides cement enterprises with valuable practical experience to transform into environment-friendly enterprises. The Company is the first cement enterprise of its kind being honored with "China's Environment Award" (中華環境獎).

4. Competitive Edge in the R&D and Manufacturing of Green Building Materials

Upholding the sustainable development concept of green building materials and green building, the Company makes full use of the competitive edge in the interaction between building materials manufacturing segment and property development segment and vigorously advocates the green transformation of building materials and property development and acts on the concept of green building by green building materials. The Company has used a large amount of green ready-mixed concrete and aerated concrete which facilitate the development of circular economy in its property development projects. The internal and external walls of aerated concrete developed by the Company can be widely applied to factory, public buildings and industrialized apartments, saving labor costs while integrating the insulating function of external walls, thus extending the life cycle of energy-saving function of walls to be the same with that of the building itself. The insulation system made from energy-saving and heat-preservation A grade fire-resistance inorganic fiber, environment-friendly paint and environment-friendly furniture, developed by the Company, also help create a green interior environment that is both comfortable and safe.

5. Competitive Edge in Corporate Culture and Brand

The Company effectively achieves overall development by establishing scientific model for the control and management of corporate culture and improving the management procedures of the same. Standing on the strategic highland, the Company reviews its corporate culture construction from a macro perspective of wholeness and entirety, forming a basic framework and pattern for culture construction which is in line with the principle of "Showing personality while obtaining general acceptance among employees, embracing central tasks while delivering results as soon as possible" (突出自身特色，員工普遍認同，圍繞中心任務，盡快見到成效). Constantly extracting to encapsulate and exploring to innovate in practice, the Company effectively finalizes the corporate culture that takes the human spirit of the Company as its core essence. The human spirit of the Company includes the value of "faith", "responsibility", "respect" and "eight special". The unique culture raises the brand awareness and the prestige of the Company. The continuous growth of soft power in the form of corporate culture has created a sound cultural atmosphere and intelligent support for the materialization of development vision and objectives of the Company.

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

1. Industry Competition Pattern and Development Trend

In 2013, the formidable external environment will impose numerous difficulties and challenges in the course of the Company's rapid development. However, the long-term positive economic fundamentals of the PRC remain unchanged and the favorable factors for steady and accelerated growth are gaining traction.

Cement Industry

After the 18th National Congress of the Communist Party of China, the Central Government has made the new urbanization project the long-term focus of the future economic growth. It is expected that the cement demand will hit a new record in 2013 with growth speed in a mid-to-low gear instead of high gear. The industry efficiency will depend more on the efficiency of the synergy among enterprises in the industry to maintain a welcoming demand-supply position. Meanwhile, the extension of the industrial chain in the cement industry will be an important approach for future growth of economic efficiency.

To address the issues of excessive output capacity and market competition, mergers and reorganizations will be the industry development mainstream in 2013; whereas a green and eco-friendly cement industry featuring energy conservation and emission reduction will be an inevitable development objective for the industry.

Property Industry

The latest policies of the Central Government on the regulation of property market reiterated the unswerving resolution to carry forward the regulating policies of the property market in 2013, continue the efforts in construction and management of affordable housing and redevelopment of run-down area and expedite the healthy development of property market through macro-economic regulation and market coordination.

Against the backdrop of steady macro-economic growth, stable and robust currency policies and tightened regulating policies in real estate market, it is expected that the national property market in 2013 will see a slight increase in sales volume and price with stable growth in investments and a rebound in new development projects.

2. Development Strategies of the Company

During the "12th Five-Year Plan" period, the PRC is experiencing a critical strategic period of opportunity, in which a great deal can be achieved. The PRC will accelerate the change of economic growth model, continue to expand domestic demand, speed up the strategic adjustment of the industry structure and vigorously promote urbanization. In this regard, the Company will continue to build a stronger and bigger principal business by fully capitalizing on the advantages in management, scale and brand and sharpen its core competence and overall strengths, with an aim to ensure the on-going and robust development of the Company.

The strategies of each segment of the Company: the cement and ready-mixed concrete segment will adhere to the regional "grand cross-shape" (大十字) layout through "seismic wave" (地震波) expansions, strengthening the regional integration of cement, ready-mixed concrete, gravel aggregate, dry-mixed mortar and cement products, and the control over the resources of up– and down-stream, so as to build certain concentrated industry bases of enterprises in each region and keep consolidating and sharpening the added competitiveness; the modern building materials and commerce and logistics segment will stick to the "industrial park-based" (園區化)

growth pattern with accelerated layout and transformation adjustment and make full play of its advantages in industry concentration and industry synergy, so as to expedite the breakthrough in the development of commerce and logistics business; the property development segment will continue the adjustment to "two structures" (兩個結構) and the strategy of "accelerating cash flow" (好水快流) with strengthened capabilities in prediction of policy information and capturing of market opportunities and enhanced core competence, so as to facilitate the robust and sustained development of the industry; the property investment and management segment will uphold the principle of "resource integration, structure optimization, quality improvement and coordinated development" with in-depth adjustment and integration, optimized resource allocation, improved operating and management quality of assets, enhanced service quality and augmented soft and hard power so as to keep the segment on a sound development track.

3. Operating Planning

The year 2013 will be a crucial year for the Company to build on past achievement and strive for new progress in regard of facilitating the "12th Five-Year" development strategy. Closely following the strategic planning of "12th Five-Year" development and the annual work objectives, the Company will invest more efforts in the four segments of principal businesses, i.e. cement segment, modern building materials segment, property development segment and property investment and management segment, so as to sharpen the core competence and expedite the rapid and healthy growth of the Company.

4. Capital Requirement for the Company to Maintain Current Businesses and Complete the Construction-In-Progress Investment Projects

In 2013, the Company will ensure normal manufacturing and operation by making overall plan to allocate capital and arranging for the proper use of capital. Meanwhile, the Company will further optimize the asset structure, intensify control over the progress of sales and settlement, strictly control various expenses and fully utilize various financial instruments to lower the costs of using capital and ensure the benign circulation of cash flow, so as to provide the strategic development of the Company with capital supports.

5. Possible Risks

(i) Risks in Macro-Environment

Currently, the Central Government is vigorously promoting the reform of economic system, changing the economic growth model and facilitating the upgrade of industry structure. And the Central Government introduced a series of regulating policies concerning cement and property which were associated with the Company's business and formulated a series of measures on industry layout and scale, energy conservation and emission reduction which will impose certain impact on the materialization of the development strategies and operating objectives of the Company.

Solution: Leveraging fully on the advantages in scale, region and brand, the Company will sharpen its core competence and minimize the risks brought by macro-economic policies through enhancing the interpretation, analysis and judgment of the national macro-economic policies, 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.

(ii) Industry Risks

Cement Industry

Benefiting from the rapid economic growth driven by investments in the PRC over recent years, the cement output grew continuously, leading to the current excessive output capacity with utilizing ratio slipping to 72.7%. Despite the intensified effort in eliminating obsolete cement output capacity by the Central Government, the situation of long-term and overall excessive output capacity is set to be inevitable as the remaining obsolete capacity is contracting due to the previous elimination. With the implementation of the national regulating policies for cement industry, the future cement industry is destined to transform into an environment-friendly industry. Standards on nitrogen oxide emission in cement industry, which is being formulated by Ministry of Environmental Protection recently, will further impact the whole industry if the standards are enhanced, especially under the circumstances of existing excessive output capacity and declining profit.

Solution: centering on efficiency and propelled by technology advancement, the Company will continue to diversify marketing approaches, refine internal control and management, accelerate transformation and upgrading, improve industry layout and optimize industry chains; the Company will sharpen the core competence of segment by strategic interactions and regional coordination, bringing the overall advantage of the cement segment into play and consolidating the leading position of strong regional enterprises and their effects as role models, thus achieving a sound and rapid development.

Property Industry

During the regulating years for property, the Central Government frequently introduced numerous policies in the market which turned into a policy-based market. Any change in the policies will take toll on the attitude of property purchasers, operating strategy of developers and value appraisal of investors. In 2013, the Central Government and ministries concerned will continue the tightened grip on the regulating policies of real estate, which will pose a greater challenge to the property sales of the Company.

Solution: capitalizing on three work platforms of project operation, cost control and management and land acquisition, the Company will continue to implement the adjustment to "two structures" (兩個結構) and the strategy of "accelerating cash flow" (好水快流) with strengthened capabilities in prediction of policy information and capturing of market opportunities, innovate growth model and enhance core competence, so as to facilitate the robust and sustained development of the industry

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(iii) ***Risks in Market Competition***

The regional market where the cement segment of the Company is operated features unbalanced demand and supply and fierce pricing competition among enterprises, with concentration in need of further improvement, which constrains and impedes the profitability of the cement segment of the Company.

Solution: sticking to the principal business of cement, the Company will expedite the development of up– and down-stream products and businesses such as aggregate, commercial concrete, mortar and cement products, improve the layout of concrete stations, so as to expand its regional market share. Meanwhile, the Company will intensify internal management, and boost its market competitiveness by tweaking equipment and technologies, stepping up innovation and tapping potential, saving energy and reducing consumption and lowering production costs.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group's total assets amounted to RMB83,161.8 million, an increase of 8.1% from the end of last year, of which liabilities amounted to RMB58,137.1 million, non-controlling interests RMB2,120.8 million and total equity attributable to the shareholders of the parent company RMB22,903.9 million. The asset quality was significantly improved. Total equity attributable to shareholders amounted to RMB25,024.7 million, an increase of 15.2% from the end of last year. As at 31 December 2012, the Group's net current assets were RMB3,638.9 million, a decrease of RMB1,788.1 million year-on-year. Debt ratio (total liabilities to total assets) as at 31 December 2012 was 69.9%, a slight decrease of 1.9 percentage points from the beginning of the Reporting Period.

As at 31 December 2012, the Group's cash and bank balances amounted to RMB5,906.1 million, a decrease of RMB2,012.4 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 31 December 2012, the Group's interest-bearing bank borrowings amounted to RMB18,721.4 million. Of these borrowings, approximately RMB13,964.3 million interest bearing bank borrowings were due for repayment within one year, a decrease of approximately RMB926.7 million from the beginning of the year. Approximately RMB4,757.1 million interest-bearing bank borrowings were due for repayment after one year, a decrease of approximately RMB3,015.5 million from the beginning of the year.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. The Company has sufficient capital for its operation.

MATERIAL ACQUISITIONS OF SUBSIDIARIES

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

PLEDGE OF ASSETS

As at 31 December 2012, certain of the Group's accounts receivable, inventories, fixed assets and investment properties amounting to RMB6,393.3 million (31 December 2011: RMB10,803.7 million) were pledged to certain banks for securing the loans granted to the Group and the corporate debenture issued by BBMG Group Company Limited (the "**Parent**") and accounted for approximately 7.7% of the total assets of the Group (31 December 2011: 14.0%).

CONTINGENCIES

Unit: RMB

		31 December 2012	31 December 2011
Provision of guarantee to an associate	*Note 1*	**800,000,000.00**	800,000,000.00
Provision of guarantee to third parties	*Note 2*	**3,885,136,892.77**	3,120,640,376.71
		4,685,136,892.77	3,920,640,376.71

Note 1: Being the guarantee provided by BBMG Hongye Ecological Science and Technology Co., Ltd., a subsidiary of the Company, to the Parent.

Note 2: Certain customers of the Group have purchased the commodity housing developed by the Group by way of bank mortgage (secured loans). According to the bank requirement in respect of the secured loans of the individual purchase of housing, the Group has provided guarantees to secure the periodical and joint obligation of such secured loans granted by banks for home buyers. These guarantees will be released upon obtaining building ownership certificates and completion of formalities of mortgage by the home buyers. The Directors are of the opinion that in the event of default in payments, the net realizable value of the relevant properties is sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

COMMITMENTS

Unit: RMB

	31 December 2012	31 December 2011
Acquisition or construction of fixed assets which are contracted but not completed	**600,880,577.76**	649,549,808.22
Property development contracts which are contracted and being executed or will be executed	**5,386,341,877.26**	6,857,714,585.64
Equity investment contract which is contracted and being executed	**216,500,000.00**	195,000,000.00
	6,203,722,455.02	7,702,264,393.86

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Save for the profit distribution proposal for 2012, whereby a cash dividend of RMB0.071 per share (inclusive of tax) will be distributed with a total amount of approximately RMB304,145,300.00 and subject to the approval of the Company's shareholders at the forthcoming annual general meeting, as at the date of the announcement, the Group did not have any significant event after the balance sheet date required to be disclosed.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2012, the Group had 28,753 employees in total (as at 31 December 2011: 33,678). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB1,433.2 million (2011: RMB1,239.6 million), representing an increase of approximately of 15.6%.

The Company maximized the allocation of staff according to their areas of interest and creativity to give full play to synergistic growth between staff income and economic benefits, so as to maintain the stability of our staff team, attract and introduce talents to the Company, strengthening the core competitiveness and motivation for the development of the Company on an ongoing basis. The Company has established a fairer and more reasonable, scientific and standardized remuneration and benefit system for headquarters staff 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 retaining talents. As the actual situation of the Company and the features of business developments of its subsidiaries varied, the Company's remuneration policy was mainly implemented in certain forms set out as follows.

The Company mainly adopted a yearly-based salary system for operation and management personnel and raised the proportion of performance-linked pay in the total remuneration, expediting the senior management personnel to fulfill their obligations and responsibility diligently through its policies and systems and a position-linked salary system for general management, technicians and production personnel. The Company raised the proportion of fixed income to 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 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 further enhance the production efficiency by adopting piece rate for production staff.

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 Company released the high temperature subsidy and full warm subsidy in a timely manner, showing comprehensive care for its staff in respect of their works as well as their living conditions.

TRAINING SCHEME

Training scheme was formulated based on comprehensive analyses on the training requirements of each department and subsidiary according to the needs of strategic development of the Company, aiming at improving the overall quality of our staff and turning training into an important part in terms of corporate human resource management while focusing on learning new technologies, methods and theories, so as to keep the knowledge of our staff to be most updated and highlight the forward-looking nature of education and training.

In 2013, the Company will establish a hierarchical classification training system comprising both internal and external training methods and provide a variety of trainings in terms of levels, types, contents and forms to carry out trainings for adaptability, qualifications and skills upgrade especially for managerial personnel and professional technicians from various level according to the needs of rapid development of the Company, in a bid to cultivate and foster their actual competence and overall attainments. The Company will spare no effort in nurturing and bringing up a staff team that is capable of adapting to our development needs.

The statistics of the profession composition of the employee (as of 31 December 2012)

Employee profession	Number of employees
Production personnel	17,185
Sales personnel	2,976
Technical personnel	2,993
Financial personnel	1,053
Administrative personnel	3,427
Other personnel	1,119
Total	28,753

The statistics of the education level of the employee (as of 31 December 2012)

Education level	Number of employees
Postgraduate or higher	627
Undergraduate	7,923
Tertiary college graduate	5,796
Secondary vocational school graduates or lower qualifications	14,407
Total	28,753

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 year. 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 over 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.

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

As at 31 December 2012, none of the Directors, supervisors and chief executives of the Company had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 of the laws of Hong Kong), 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 and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

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 trading standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code"). Relevant employees who are likely to be in possession of unpublished price sensitive 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 2012, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the year ended 31 December 2012. 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 recognised 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 has 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 has adopted the code provisions of the Code on Corporate Governance Practices (the "CG Code"), as amended from time to time, set out in Appendix 14 to the Listing Rules during the year ended 31 December 2012 as its own code on corporate governance practices. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

In the opinion of the Directors of the Company, except for the deviation as described below, the Company has complied with the CG Code to the Listing Rules for year ended 31 December 2012.

Code Provision A.1.7

Code provision A.1.7 of the CG Code stipulated that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at that board meeting. The Board approved the connected transactions in relation to the Supplemental Agreement for the Renovation Project in Xisanqi Jiancaicheng and the Commodity Property Master Sale Agreement by way of written resolutions on 25 April 2012 and 28 September 2012 instead of holding a physical board meeting. However, the Directors (including the independent non-executive Directors), are of the view that the Commodity Property Master Sale Agreement and the Supplemental Agreement and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable and are in the ordinary and usual course of business of the Company and are in the best interest of the Group and the shareholders of the Company as a whole. In addition, Jiang Weiping, being the Director of the Company and a director of the Parent, has abstained from voting on the relevant written resolutions of the Board in approving the Commodity Property Master Sale Agreement and the Supplemental Agreement and the transaction contemplated thereunder pursuant to the articles of association of the Company and the Listing Rules. The Board considers that written resolutions will facilitate the execution of the Group's business strategies and maximises the effectiveness of its operation. The Board shall nevertheless review its board meeting arrangement from time to time to ensure appropriate arrangement is being taken to comply with the requirements stipulated in the CG Code.

A full description of the Company's corporate governance will be set out in the section of Corporate Governance contained in the annual report for the year ended 31 December 2012.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to the provisions of the CG Code with written terms of reference, aiming at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of one non-executive Director and four independent non-executive Directors. At a meeting convened on 19 March 2013, the Audit Committee has reviewed and considered the consolidated financial statements of the Group for the year ended 31 December 2012. The Audit Committee has also recommended the Board to adopt the Group's consolidated financial statements for the year ended 31 December 2012.

Members of the Audit Committee are Zhang Chengfu (independent non-executive Director), Hu Zhaoguang (independent non-executive Director), Xu Yongmo (independent non-executive Director), Yu Shiliang (non-executive Director) and Yip Wai Ming (independent non-executive Director). Zhang Chengfu 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. The Remuneration and Nomination Committee consists of five members, namely Shi Xijun (executive Director), Yu Shiliang (non-executive Director), Hu Zhaoguang (independent non-executive Director), Xu Yongmo (independent non-executive Director) and Zhang Chengfu (independent non-executive Director). Hu Zhaoguang is the chairman of the Remuneration and Nomination Committee.

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

During the year ended 31 December 2012, 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 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). The annual report for the year ended 31 December 2012 prepared in accordance with CASBE and 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.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members for H shares of the Company will be closed from 22 April 2013 (Monday) to 21 May 2013 (Tuesday), both days inclusive, for the purpose of determining entitlements of the shareholders the right to attend and vote at the forthcoming annual general meeting. In order to qualify for the right to attend and vote at the forthcoming annual general meeting of the Company to be held on 21 May 2013 (Tuesday), 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 19 April 2013 (Friday).

The transfer books and register of members for H shares of the Company will be closed from 25 May 2013 (Saturday) to 29 May 2013 (Wednesday), both days inclusive, for the purpose of determining entitlements of the shareholders the right to receive the final dividends for the year ended 31 December 2012. In order to qualify for the right to receive the final dividends for the year ended 31 December 2012, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 May 2013 (Friday).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 21 May 2013 (Tuesday). Notice of the annual general meeting will be issued and despatched to shareholders in due course.

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 believe that with the tremendous support of the shareholders and the concerted efforts of all staff, the Company will further achieve a rapid development of its businesses and create greater investment value for the shareholders.

By order of the Board
BBMG Corporation*
Jiang Weiping
Chairman

Beijing, the PRC
20 March 2013

As at the date of this announcement, the executive Directors are Jiang Weiping, Jiang Deyi, Shi Xijun, Zang Feng, Wang Hongjun and Wang Shizhong; the non-executive Director is Yu Shiliang; and the independent non-executive Directors are Hu Zhaoguang, Zhang Chengfu, Xu Yongmo and Yip Wai Ming.

* *for identification purposes only*