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BBMG 金隅

北京金隅股份有限公司

BBMG Corporation*

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

(Stock Code: 2009)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

2014 ANNUAL RESULTS HIGHLIGHTS

- Operating revenue of RMB41,241.5 million, decreased by 7.9% from 2013
- Gross profit margin from principal business of 23.8%, increased by 1.6 percentage points from 2013
- Net profit of RMB2,709.0 million, decreased by 16.5% from 2013
- Net profit attributable to the shareholders of the parent company of RMB2,422.7 million, decreased by 24.6% from 2013
- Core net profit attributable to the shareholders of the parent company (excluding the after tax net fair value gains on investment property) of RMB1,951.5 million, decreased by RMB760.0 million or 28.0% from 2013
- Basic earnings per share attributable to the shareholders of the parent company was RMB0.52
- The Board proposed a final dividend of RMB0.050 per share for the year ended 31 December 2014

ANNUAL RESULTS

The board of directors (the "**Board**") of BBMG Corporation* (the "**Company**" or "**BBMG**") is pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2014 (the "**Reporting Period**") together with the comparative figures for the year of 2013. These results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

* *For identification purposes only*

RESULTS OF OPERATIONS

For the Reporting Period, the Group achieved a net profit attributable to shareholders of the parent company of approximately RMB2,422.7 million, representing a decrease of approximately 24.6% over the last year; basic earnings per share was approximately RMB0.52 (for the year ended 31 December 2013: RMB0.75), representing a decrease of RMB0.23 over the last year; total equity attributable to the shareholders of the parent company was RMB31,107.3 million as at the end of the Reporting Period, representing an increase of approximately RMB4,827.1 million at the beginning of the Reporting Period; and net asset value per share attributable to the shareholders of the parent company as at the end of the Reporting Period was approximately RMB6.50, representing an increase of approximately RMB0.37 from the beginning of the Reporting Period.

DIVIDEND

The Board recommended a final dividend of RMB0.050 per share for the Reporting Period (for the year ended 31 December 2013: RMB0.078), subject to approval by the shareholders at the forthcoming annual general meeting to be held on 27 May 2015 (Wednesday) (the "**AGM**").

Subject to and upon the approval of the shareholders at the forthcoming AGM, the final dividend for the Reporting Period is expected to be distributed on or around 27 July 2015 (Monday) to the holders of H shares whose names appear on the register of members on 8 June 2015 (Monday) (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

	Notes	**For the year ended 31 December 2014**	For the year ended 31 December 2013
Operating revenue	*4*	**41,241,473,853.97**	44,789,759,261.89
Less: Operating costs	*5*	**31,272,820,459.85**	34,799,883,524.55
Business tax and surcharges		**1,789,409,056.80**	1,586,185,890.01
Selling expenses	*6*	**1,521,568,509.32**	1,566,232,335.03
Administrative expenses	*7*	**2,886,604,421.20**	2,811,322,533.52
Finance costs	*8*	**1,209,437,114.59**	1,017,497,260.29
Asset impairment losses		**210,438,063.48**	380,923,672.60
Add: Gains from changes in fair value		**628,288,802.13**	671,729,628.37
Investment losses		**(28,439,683.58)**	(34,746,071.77)
Including: Share of losses of associates and jointly-controlled entities		***(28,449,783.58)***	*(34,333,852.32)*
Operating profit		**2,951,045,347.28**	3,264,697,602.49
Add: Non-operating revenue	*4*	**903,990,939.46**	767,847,286.22
Including: Gains from disposal of non-current assets		***140,661,272.43***	*66,816,837.93*
Less: Non-operating expenses	*5*	**51,691,143.61**	38,821,166.08
Including: Loss on disposal of non-current assets		***12,792,410.98***	*20,305,299.15*
Total profit		**3,803,345,143.13**	3,993,723,722.63
Less: Income tax expenses	*9*	**1,094,373,054.86**	750,565,753.75
Net profit		**2,708,972,088.27**	3,243,157,968.88
Net profit attributable to the shareholders of the parent company		**2,422,721,815.83**	3,215,183,494.65
Minority interests		**286,250,272.44**	27,974,474.23
Earnings per share	*10*		
Basic earnings per share (RMB/share)		**0.52**	0.75
Diluted earnings per share (RMB/share)		**0.52**	0.75

	For the year ended 31 December 2014	For the year ended 31 December 2013
Net other comprehensive income after tax		
Net other comprehensive income after tax attributable to the shareholders of the parent company		
Other comprehensive income not allowed to be reclassified into profit or loss in subsequent accounting period		
Changes arising from re-measurement of net liabilities or net assets of defined benefit plans	**(36,280,233.00)**	70,770,401.00
Other comprehensive income to be reclassified into profit or loss upon satisfaction of specified conditions in subsequent accounting period		
The amount of fair value at the date of transfer exceeded the carrying value of investment properties measured at fair value transferred from self-occupied properties or inventories	**–**	9,144,791.28
Exchange differences on foreign currency translation	**(86.87)**	(269.89)
Net other comprehensive income after deducting income tax effect	**(36,280,319.87)**	79,914,922.39
Net other comprehensive income after tax attributable to minority interests	**–**	–
Total comprehensive income	**2,672,691,768.40**	3,323,072,891.27
Including: *Total comprehensive income attributable to the shareholders of the parent company*	**2,386,441,495.96**	3,295,098,417.04
Total comprehensive income attributable to minority interests	**286,250,272.44**	27,974,474.23

CONSOLIDATED BALANCE SHEET
Unit: RMB

	Notes	**As at 31 December 2014**	As at 31 December 2013
Assets			
Current Assets			
Cash and bank balances		**10,980,171,602.68**	8,595,510,330.36
Bills receivable		**2,651,027,709.78**	1,373,660,444.38
Accounts receivable	*12*	**5,404,832,534.14**	5,005,865,494.62
Prepayments		**3,526,981,050.00**	3,640,625,094.32
Interest receivable		**2,641,275.74**	2,641,275.74
Dividends receivable		**2,190,000.00**	–
Other receivables		**1,875,875,683.44**	2,639,819,809.34
Inventories		**48,853,159,420.39**	37,602,014,262.50
Other current assets		**1,721,926,542.06**	1,297,088,888.16
Total current assets		**75,018,805,818.23**	60,157,225,599.42
Non-current assets			
Available for sale financial assets		**1,105,113,250.00**	505,404,297.22
Long-term equity investments		**313,866,323.17**	345,799,792.73
Investment properties		**14,051,809,039.03**	13,545,900,000.00
Fixed assets		**18,021,194,232.60**	16,934,316,116.16
Construction in progress		**834,891,670.62**	1,699,222,835.50
Construction materials		**10,744,028.39**	7,869,443.85
Intangible assets		**3,977,201,603.72**	3,962,675,437.19
Goodwill		**261,109,608.57**	307,562,412.28
Long-term deferred expenditures		**289,777,104.17**	204,694,176.91
Deferred income tax assets		**1,400,919,003.46**	1,168,879,507.62
Other non-current assets		**399,538,994.71**	–
Total non-current assets		**40,666,164,858.44**	38,682,324,019.46
Total assets		**115,684,970,676.67**	98,839,549,618.88

	Notes	As at 31 December 2014	As at 31 December 2013
Liabilities and equity attributable to shareholders			
Current liabilities			
Short-term loans	*13*	**11,635,636,481.02**	13,516,500,000.00
Bills payable		**237,215,529.94**	506,106,696.49
Accounts payable	*14*	**9,297,548,205.02**	8,516,698,306.54
Receipts in advance		**16,529,668,285.63**	15,567,949,491.14
Wages payable		**124,579,259.90**	143,861,648.17
Tax payable		**819,948,626.81**	750,894,143.53
Interest payable		**493,293,223.16**	253,810,076.41
Dividends payable		**55,522,242.70**	45,192,199.03
Other payables		**3,078,343,439.23**	2,757,269,782.36
Short-term financing bonds payable	*15*	**6,600,000,000.00**	3,000,000,000.00
Non-current liabilities due within one year		**6,116,513,981.62**	3,199,218,336.70
Other current liabilities		**4,525,386,360.91**	3,802,471,794.62
Total current liabilities		**59,513,655,635.94**	52,059,972,474.99
Non-current liabilities			
Long-term loans	*16*	**6,779,500,000.00**	6,879,920,000.00
Bonds payable	*15*	**9,069,911,156.24**	6,305,600,000.00
Long-term payables		**22,209,372.56**	22,414,048.18
Long-term wages payable		**444,185,934.00**	422,795,184.00
Accrued liabilities		**101,078,282.54**	101,979,128.78
Deferred income		**641,674,749.80**	602,729,940.01
Deferred income tax liabilities		**2,551,167,406.15**	2,418,825,799.17
Other non-current liabilities		**314,199,998.01**	–
Total non-current liabilities		**19,923,926,899.30**	16,754,264,100.14
Total liabilities		**79,437,582,535.24**	68,814,236,575.13

	As at 31 December 2014	As at 31 December 2013
Equity attributable to shareholders		
Share capital	**4,784,640,284.00**	4,283,737,060.00
Capital reserve	**7,898,685,039.67**	5,579,836,540.13
Other comprehensive income	**234,799,933.63**	271,080,253.50
Specific reserve	**7,925,485.30**	13,788,160.64
Surplus reserve	**828,495,276.27**	711,195,322.63
General risk reserve	**37,637,667.87**	698,454.78
Retained earnings	**17,315,084,511.06**	15,419,803,804.11
Total equity attributable to the shareholders of the parent company	**31,107,268,197.80**	26,280,139,595.79
Minority interests	**5,140,119,943.63**	3,745,173,447.96
Total equity attributable to shareholders	**36,247,388,141.43**	30,025,313,043.75
Total liabilities and equity attributable to shareholders	**115,684,970,676.67**	98,839,549,618.88

NOTES:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance in February 2006 and the accounting standards, implementation guidance, interpretations and other relevant provisions issued and amended subsequently (collectively referred to as "**Accounting Standards for Business Enterprises**").

The financial statements are presented on a going concern basis.

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

2. ADOPTION OF CERTAIN REVISED/NEW ACCOUNTING STANDARDS

Between January and March 2014, the Ministry of Finance formulated the Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement, Accounting Standards for Business Enterprises No. 40 – Joint Arrangements and Accounting Standards for Business Enterprises No. 41 – Disclosure of Interests in Other Entities; and revised Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments, Accounting Standards for Business Enterprises No. 9 – Employee Benefits, the Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements and Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements. All of the above 7 accounting standards became effective from 1 July 2014, but overseas-listed enterprises were encouraged to early adopt them. As an overseas-listed enterprise, the Company early adopted other six accounting standards for business enterprises except for Accounting Standards for Business Enterprises No. 41 – Disclosure of Interests in Other Entities and conducted accounting treatment in accordance with relevant transitional requirements when preparing the financial statements for 2014. Please refer to the 2013 financial statements for the major effects.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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.

Unit: RMB

For the year ended 31 December 2014

	Cement and Ready-mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/Expenses	Elimination on Consolidation	Total
Revenue from external customer	12,944,136,788.01	10,372,649,027.10	15,708,965,957.24	2,215,722,081.62	–	–	41,241,473,853.97
Inter-segment revenue	13,289,243.14	334,698,498.85	–	85,843,046.77	–	(433,830,788.76)	–
	12,957,426,031.15	10,707,347,525.95	15,708,965,957.24	2,301,565,128.39	–	(433,830,788.76)	41,241,473,853.97
Gain/(loss) on investments in jointly controlled entities and associates	2,438,928.61	(31,202,669.78)	–	313,957.59	–	–	(28,449,783.58)
Asset impairment losses	57,009,559.65	18,564,350.44	46,504,651.85	41,906,697.83	46,452,803.71	–	210,438,063.48
Depreciation and amortization	1,082,805,357.86	133,992,689.13	10,324,250.69	138,841,563.81	27,877,477.19	–	1,393,841,338.68
Total profit	247,822,866.01	(49,091,493.96)	2,921,118,059.49	1,401,025,936.34	(837,865,524.83)	120,335,280.08	3,803,345,143.13
Income tax expense	126,492,340.54	5,028,399.32	740,309,317.33	401,925,558.86	(209,466,381.21)	30,083,820.02	1,094,373,054.86
Total assets	28,497,216,019.99	10,360,170,416.94	60,821,887,513.09	30,594,897,227.21	1,236,423,714.85	(15,825,624,215.41)	115,684,970,676.67
Total liabilities	14,537,544,009.89	4,651,508,231.57	49,036,856,382.32	5,514,857,838.70	17,546,443,860.22	(11,849,627,787.46)	79,437,582,535.24
Other disclosure:							
Long-term equity investment in jointly-controlled entities and associates	27,810,842.09	282,128,026.48	–	3,927,454.60	–	–	313,866,323.17
Increase in other non-current assets other than long-term equity investments	1,294,169,525.61	376,346,994.18	15,679,853.56	209,662,023.97	-	-	1,895,858,397.32

For the year ended 31 December 2013

	Cement and Ready-Mixed Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/Expenses	Elimination on Consolidation	Total
Revenue from external customer	13,327,116,610.44	14,507,928,613.56	14,978,779,846.59	1,975,934,191.30	–	–	44,789,759,261.89
Inter-segment revenue	22,826,428.40	286,739,594.83	–	55,091,152.13	–	(364,657,175.36)	–
	13,349,943,038.84	14,794,668,208.39	14,978,779,846.59	2,031,025,343.43	–	(364,657,175.36)	44,789,759,261.89
Gain/(loss) on investments in jointly controlled entities and associates	4,534,279.83	(40,440,763.98)	–	1,572,631.83	–	–	(34,333,852.32)
Asset impairment losses	324,731,642.31	50,154,088.32	4,878,092.83	1,159,849.14	–	–	380,923,672.60
Depreciation and amortization	949,492,973.90	106,269,808.47	8,496,829.00	133,747,576.50	23,731,990.98	–	1,221,739,178.85
Total profit	290,272,932.24	(43,282,894.98)	3,026,368,753.35	1,332,136,126.43	(617,882,305.85)	6,111,111.44	3,993,723,722.63
Income tax expense	201,087,712.17	(72,045,012.27)	772,962,797.28	(151,439,743.43)	–	–	750,565,753.75
Total assets	26,953,297,268.28	7,347,728,501.51	46,640,002,525.23	23,716,865,976.67	1,046,002,711.94	(6,864,347,364.74)	98,839,549,618.88
Total liabilities	13,513,654,404.62	3,444,506,813.84	38,982,641,695.29	8,775,645,236.78	11,089,680,924.84	(6,991,892,500.24)	68,814,236,575.13
Other disclosure:							
Long-term equity investment in jointly-controlled entities and associates	27,561,913.48	313,330,696.26	–	4,907,182.99	–	–	345,799,792.73
Increase in other non-current assets other than long-term equity investments	2,905,451,012.55	457,571,904.54	13,098,145.95	264,728,318.95	–	–	3,640,849,381.99

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 2014, the operating revenue from none of the major customers of the Group accounted for more than 10% of the Group's revenue (for the year ended 31 December 2013: Nil).

4. OPERATING REVENUE AND NON-OPERATING REVENUE

Unit: RMB

Operating revenue is presented as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Operating revenue from principal business	**40,562,372,183.88**	44,345,880,005.67
Operating revenue from other business	**679,101,670.09**	443,879,256.22
	41,241,473,853.97	44,789,759,261.89

	For the year ended 31 December 2014	For the year ended 31 December 2013
Sale of products	**15,689,859,017.19**	16,701,119,795.42
Bulk commodity trade	**5,424,143,913.90**	8,853,914,815.49
Sale of properties	**15,512,163,016.00**	14,929,446,438.00
Rental income	**1,237,453,945.68**	1,060,265,597.75
Including: Rental income from investment properties	***1,000,776,292.60***	*945,144,272.95*
Rental income from other properties	***236,677,653.08***	*115,121,324.80*
Property management	**659,141,722.27**	565,915,871.40
Hotel management	**361,044,037.45**	399,956,824.08
Income from decoration	**1,142,546,208.85**	1,443,431,165.53
Disposal of solid waste	**417,018,624.03**	417,925,862.00
Revenue from the rendering of services	**157,418,712.13**	211,813,559.57
Others	**640,684,656.47**	205,969,332.65
	41,241,473,853.97	44,789,759,261.89

Operating revenue from principal operations by product:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Sale of products	**15,689,859,017.19**	16,620,533,693.19
Bulk commodity trade	**5,424,143,913.90**	8,853,914,815.49
Sale of properties	**15,512,163,016.00**	14,929,446,438.00
Including: Sales of affordable housing	***3,915,176,571.66***	*3,946,073,035.60*
Rental income from investment properties	**1,000,776,292.60**	945,144,272.95
Property management	**659,141,722.27**	565,915,871.40
Hotel management	**361,044,037.45**	399,956,824.08
Income from decoration	**1,142,546,208.85**	1,443,431,165.53
Disposal of solid waste	**417,018,624.03**	417,925,862.00
Others	**355,679,351.59**	169,611,063.03
	40,562,372,183.88	44,345,880,005.67

Non-operating revenue is presented as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Gains from disposal of non-current assets	**140,661,272.43**	66,816,837.93
Including: Gains from disposal of fixed assets	***140,661,272,43***	*66,816,837.93*
Gains from debt restructuring	**8,490,521.55**	1,080,553.18
Net income from fines	**12,711,481.51**	10,676,837.04
Government grants	**674,035,858.55**	614,990,132.10
Unpayable amounts	**19,029,226,18**	28,830,694.10
Others	**49,062,579.24**	45,452,231.87
	903,990,939.46	767,847,286.22

5. OPERATING COSTS AND NON-OPERATING EXPENSES

Unit: RMB

Operating costs are presented as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Operating costs from principal business	**30,895,031,946.73**	34,501,601,982.41
Operating costs from other business	**377,788,513.12**	298,281,542.14
	31,272,820,459.85	34,799,883,524.55

Operating costs from principal operations by product:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Sale of products	**12,999,770,168.85**	13,616,475,908.02
Bulk commodity trade	**5,380,295,417.51**	8,818,326,842.66
Sale of properties	**10,147,096,950.51**	9,664,835,758.83
Including: Sales of affordable housing	***3,065,256,090.27***	*3,157,331,578.75*
Rental income from investment properties	**163,417,401.08**	129,678,574.39
Property management	**431,014,225.00**	361,116,528.00
Hotel management	**185,669,641.00**	225,365,962.87
Income from decoration	**1,086,744,956.05**	1,291,575,238.40
Disposal of solid waste	**314,932,866.23**	281,889,094.39
Others	**186,090,320.50**	112,338,074.85
	30,895,031,946.73	34,501,601,982.41

Non-operating expenses are presented as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Losses on disposal of non-current assets	**12,792,410.98**	20,305,299.15
Including: Losses on disposal of fixed assets	***12,783,456.96***	*10,532,712.46*
Losses on disposal of intangible assets	**–**	*9,772,586.69*
Others	***8,954.02***	–
Non-recurring losses	**733,745.56**	238,364.12
Losses on debt restructuring	**740,284.46**	2,277,992.75
Expenses on charity donation	**1,108,057.91**	876,423.30
Losses on compensation, penalties and fines	**29,723,781.99**	7,959,187.51
Others	**6,592,862.71**	7,163,899.25
	51,691,143.61	38,821,166.08

6. SELLING EXPENSES

	For the year ended 31 December 2014	For the year ended 31 December 2013
Employee remuneration	**399,231,992.32**	394,573,243.60
Office expenses	**126,220,204.25**	138,498,473.56
Lease fee	**96,735,286.57**	85,643,786.78
Agency intermediary fee	**237,316,560.71**	257,635,766.66
Advertisement fee	**283,571,577.26**	245,194,760.19
Transportation expenses	**345,144,932.72**	407,137,312.03
Others	**33,347,955.49**	37,548,992.31
	1,521,568,509.32	1,566,232,335.03

7. ADMINISTRATIVE EXPENSES

	For the year ended 31 December 2014	For the year ended 31 December 2013
Employee remuneration	**1,321,543,434.14**	1,233,243,467.31
Office expenses	**444,422,510.91**	467,697,693.22
R&D expenses	**67,714,679.20**	76,852,952.30
Intermediary service fees	**111,781,682.95**	107,641,401.73
Lease and utilities	**103,248,536.10**	88,577,749.23
Tax	**219,798,031.89**	191,420,881.59
Sewage and afforestation fees	**59,722,970.00**	36,543,270.03
Others	**558,372,576.01**	609,345,118.11
	2,886,604,421.20	2,811,322,533.52

The abovementioned administrative expenses included the auditor's remuneration for the audit of the Company's annual report and review of interim report and the audit of its subsidiaries' annual reports of RMB12,200,000.00 (for the year ended 31 December 2013: RMB12,200,000.00).

8. FINANCE COSTS

Unit: RMB

	For the year ended 31 December 2014	For the year ended 31 December 2013
Interest expense	**2,146,738,289.01**	1,603,426,213.27
Including: Interest on bank loans and other loans fully repayable within five years	***2,146,738,289.01***	*1,603,426,213.27*
Less: Interest income	**(63,997,835.18)**	(71,236,919.34)
Less: Amount of interest capitalized (*Note*)	**(963,251,872.63)**	(567,926,056.58)
Exchange gains and losses	**1,057,924.80**	708,606.05
Handling charges	**59,048,528.92**	46,374,884.21
Others	**29,842,079.67**	6,150,532.68
	1,209,437,114.59	1,017,497,260.29

Note: The amount of capitalized interest has been included in construction in progress of RMB26,696,230.63 and costs for properties under development of RMB936,555,642.00.

9. INCOME TAX EXPENSE

Unit: RMB

	For the year ended 31 December 2014	For the year ended 31 December 2013
Current income tax expense	**1,193,655,803.90**	289,862,275.49
Deferred income tax expense	**(99,282,749.04)**	460,703,478.26
	1,094,373,054.86	750,565,753.75

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

	For the year ended 31 December 2014	For the year ended 31 December 2013
Total profit	**3,803,345,143.13**	3,993,723,722.63
Income tax expense at the statutory income tax rate of 25% (*Note 1*)	**950,836,285.78**	998,430,930.66
Tax effect of different tax rates of some subsidiaries	**(14,587,798.91)**	(18,194,466.43)
Share of profits and losses of joint ventures and associates	**7,112,445.90**	8,583,463.08
Income not subject to tax	**(1,030,166.81)**	(2,760,076.38)
Expenses not deductible	**38,526,104.82**	22,453,126.13
Deductible losses utilized from previous years	**(3,415,482.79)**	(19,277,752.00)
Adjustments on the current income tax expense of previous periods	**8,132,805.87**	(387,934,090.44)
Effect of deductible temporary difference unrecognized and deductible losses	**108,798,861.00**	149,264,619.13
Income tax expense at the Group's effective tax rate	**1,094,373,054.86**	750,565,753.75

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 2014 were RMB103,329.30 and RMB1,318,271.70 respectively (for 2013: RMB477,007.12 and RMB2,590,014.46 respectively).

10. EARNINGS PER SHARE

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

The calculation of basic earnings per share is as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company *(RMB)*	**2,422,721,815.83**	3,215,183,494.65
Shares		
Weighted average number of ordinary shares in issue of the Company	**4,672,108,600**	4,283,737,060

The Company did not have potentially dilutive ordinary shares.

11. DIVIDEND

	For the year ended 31 December 2014 ***RMB'000***	For the year ended 31 December 2013 *RMB'000*
Proposed final – RMB0.050 (for the year ended 31 December 2013: RMB0.078) per ordinary share	**239,232**	373,202

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

12. ACCOUNTS RECEIVABLE

The credit period of accounts receivable is usually one month to six months. The accounts receivable bears no interest. An aged analysis of accounts receivable is as follows:

Unit: RMB

	As at 31 December 2014	As at 31 December 2013
Within 1 year	**4,613,212,359.21**	4,436,957,762.02
1 to 2 years	**869,454,190.39**	622,181,383.91
2 to 3 years	**180,097,325.16**	147,972,157.16
3 to 4 years	**33,917,799.92**	29,200,238.34
4 to 5 years	**26,077,898.89**	21,734,976.76
Over 5 years	**62,663,210.83**	79,396,423.43
	5,785,422,784.40	5,337,442,941.62
Less: Provision for bad debt of accounts receivable	**(380,590,250.26)**	(331,577,447.00)
	5,404,832,534.14	5,005,865,494.62

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

	For the year ended 31 December 2014	For the year ended 31 December 2013
Opening balance for the year	**331,577,447.00**	291,243,701.70
Provision for the year	**90,855,743.03**	71,905,204.33
Transfer in on acquisition of subsidiaries	**–**	615,971.05
Reversal for the year	**(39,657,429.33)**	(31,581,367.38)
Write-off for the year	**(2,185,510.44)**	(606,062.70)
Closing balance for the year	**380,590,250.26**	331,577,447.00

13. SHORT-TERM LOANS

Unit: RMB

	As at 31 December 2014	As at 31 December 2013
Guaranteed loans (*Note*)	**227,000,000.00**	628,000,000.00
Credit loans	**10,805,152,900.00**	12,888,500,000.00
Mortgaged loans	**598,500,000.00**	–
Pledged loans	**4,983,581.02**	–
	11,635,636,481.02	13,516,500,000.00

Note: As at 31 December 2014, all guarantees were provided by entities within the Group.

As at 31 December 2014, the interest rates of the above loans were 3.95%-8.0% per annum (as at 31 December 2013: 5.0%-7.22%).

As at 31 December 2014, the Group had no outstanding short-term loans that were due.

14. 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

	As at 31 December 2014	As at 31 December 2013
Within 1 year	**7,245,401,853.28**	5,823,071,526.78
1 to 2 years	**1,192,618,646.19**	1,942,470,635.46
2 to 3 years	**661,708,058.41**	622,394,795.70
Over 3 years	**197,819,647.14**	128,761,348.60
	9,297,548,205.02	8,516,698,306.54

15. SHORT-TERM FINANCING BONDS PAYABLE AND BONDS PAYABLE

Unit: RMB

	As at 31 December 2014	As at 31 December 2013
Non-current:		
Corporate bonds	**1,869,911,156.24**	–
Medium-term notes	**7,000,000,000.00**	6,305,600,000.00
Private bonds	**200,000,000.00**	–
	9,069,911,156.24	6,305,600,000.00
Current:		
Short-term financing bonds	**6,600,000,000.00**	3,000,000,000.00

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

As considered and approved by the 2009 AGM 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 the 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 issued 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 issued 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 AGM 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 20 September 2012.

As considered and approved by the 19th meeting of the second session of the Board held on 28 August 2012 and the first extraordinary general meeting in 2012 held on 26 October 2012, the Company intended to issue short-term financing bonds of no more than RMB7,600,000,000. Pursuant to the document of Zhong Shi Xie Zhu [2013] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of short-term financing bonds of 2013 from 13 March to 19 March 2013, totaling RMB2,000,000,000 with a nominal interest rate of 4.27%, and issued the second tranche of short-term financing bonds of 2013 on 22 July 2013, totaling RMB1,000,000,000 with a nominal interest rate of 5.2%. Pursuant to the document of Zhong Shi Xie Zhu [2014] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of short-term financing bonds of 2014 on 23 January 2014, totaling RMB2,600,000,000 with a nominal interest rate of 6.5%, issued the second tranche of short-term financing bonds of 2014 on 17 March 2014, totaling RMB2,000,000,000 with a nominal interest rate of 5.49%, issued the third tranche of short-term financing bonds of 2014 on 4 May 2014, totaling RMB1,000,000,000 with a nominal interest rate of 5.35%, and issued the fourth tranche of short-term financing bonds of 2014 on 1 September 2014, totaling RMB1,000,000,000 with a nominal interest rate of 4.97%.

Pursuant to the document of Zhong Shi Xie Zhu [2013] No. MTN279 issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of medium-term notes of 2013 on 14 October 2013, totaling RMB1,500,000,000 with a term of 5 years and a nominal interest rate of 5.8%.

Pursuant to the document of Zhong Shi Xie Zhu [2014] No. MTN316 issued by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of medium-term notes of 2014 on 15 October 2014, totaling RMB2,000,000,000 with a term of 5 years and a nominal interest rate of 5.35%, and issued the second tranche of medium-term notes of 2014 on 17 November 2014, totaling RMB1,500,000,000 with a term of 5 years and a nominal interest rate of 5.3%.

As approved by the 15th meeting of the third session of the Board held on 23 December 2014, each of Beijing Building Materials Testing Academy Co., Ltd. ("**Building Materials Testing Academy**") and Beijing BBMG Cement Energy Saving Technology Co., Ltd. ("**Cement Energy Saving Technology**"), both being wholly-owned subsidiaries of the Company, proposed to issue SME private bonds at Beijing Equity Trading Center, totaling RMB200,000,000 (RMB100,000,000 for each of Building Materials Testing Academy and Cement Energy Saving Technology) with a term of two years and a nominal interest rate of 7.5%. Building Materials Testing Academy and Cement Energy Saving Technology issued such private bonds on 26 December 2014 and 27 December 2014, respectively.

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

16. LONG-TERM LOANS

Unit: RMB

	As at 31 December 2014	As at 31 December 2013
Mortgaged loans	**4,629,500,000.00**	2,648,000,000.00
Guaranteed loans (*Note*)	**840,000,000.00**	2,031,920,000.00
Credit loans	**1,310,000,000.00**	2,200,000,000.00
	6,779,500,000.00	6,879,920,000.00

Note: As at 31 December 2014, RMB840,000,000.00(31 December 2013: RMB827,600,000.00) of the guaranteed loans was guaranteed by BBMG Group Company Limited ("**BBMG Group**").

17. NET CURRENT ASSETS

Unit: RMB

	As at 31 December 2014	As at 31 December 2013
Current assets	**75,018,805,818.23**	60,157,225,599.42
Less: Current liabilities	**(59,513,655,635.94)**	(52,059,972,474.99)
Net current assets	**15,505,150,182.29**	8,097,253,124.43

18. TOTAL ASSETS LESS CURRENT LIABILITIES

Unit: RMB

	As at 31 December 2014	As at 31 December 2013
Total assets	**115,684,970,676.67**	98,839,549,618.88
Less: Current liabilities	**(59,513,655,635.94)**	(52,059,972,474.99)
Total assets less current liabilities	**56,171,315,040.73**	46,779,577,143.89

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the annual results of the Company for the twelve months ended 31 December 2014, and the operating results of the Company during the said period for your review.

Annual Results

During the Reporting Period, the Company's operating revenue amounted to approximately RMB41,241.5 million, representing a year-on-year decrease of approximately 7.9%; net profit attributable to the shareholders of the parent company was approximately RMB2,422.7 million, representing a year-on-year decrease of approximately 24.6%; basic earnings per share attributable to the shareholders of the parent company was approximately RMB0.52.

Review

During the Reporting Period, the global economy witnessed a slowdown in its growth momentum and the risk for an economic downturn lingered. China's overall economy remained stable under the "new normal", leading to steady growth, optimized structure, enhanced quality and improved livelihoods. Addressing the declining of China's high growth rate in fixed asset investment and the impact of continuous adjustment of industrial structure, the Company proactively took measures to optimize industrial layout, strengthen internal management, accelerate transformation and upgrade, and innovate development model to offset the adverse impacts, thus accomplishing substantially all of the main economic indicators and major tasks for the year and realizing a steady and sound growth in the overall economy of the Company.

Adapting to the macro-control policy and the development trend of the industry, the four major business segments of the Company expedited the industrial transformation and upgrade and played an active role in air pollution control. By optimizing strategic planning and improving innovation, the Company continued to draw upon its competitive edge to enhance the capabilities of scientific control and efficient operation, maintaining a steady and sound growth in the overall financial condition of the Company.

To optimize the strategic "grand cross-shape" layout and further enhance the comprehensive regional market strength, the cement and ready-mixed concrete segment accelerated transformation and upgrade as well as resources integration, improved the capabilities of building and operating industry bases and reinforced regional competitiveness and the advantage of industrial chain. Amid challenging market situation, the property development segment expanded project portfolio, increased land reserve, adjusted product structure and explored business areas, achieving outstanding business performance. The property investment and management segment saw improvement of quality in its operations and service, relatively high occupancy rate of properties held by the Company and better-than-expected operating results of serviced apartments. Capitalizing on the effect of industrial clusters and the advantage of synergetic development, the modern building materials segment made new progress in "industrial park-based" development and "integrated" marketing model, and therefore enhanced the industry maturity and market competitiveness.

Prospects

In 2015, amid complex external economic landscapes, China's economic growth will remain sound, and the overall economy will make good progress while maintaining stability. Adapting to the economic development under the "new normal", the Company will seize development opportunities precisely by defining a clear direction for development, formulating development strategies in a scientific manner and fine-tuning the growth path, so as to rise to the challenges and carry forward the reform and development innovation.

Along with the expedited adjustment and relocation of non-core functions of the capital city and the tightening pollution control measures taken by the government, the Company will lay down the path and create the environment for its high-efficiency and high-quality transformation and upgrade to achieve further breakthroughs and development. The advancement of the integration strategy for Beijing, Tianjin and Hebei Province and the construction of major projects including a new airport in Beijing will create not only new market space and new platform for the industrial transformation and upgrade of the Company, but also new environment and new opportunities for the rapid development of the relevant sectors at a later stage.

The Company will maintain integrated and comprehensive development of its principal business, carry out strategic planning of the four major business segments in domestic market while steadily expanding overseas markets, adjust the industrial and product structure, and optimize capital structure, with the aim of achieving an all-win situation for the benefits of economy, society and ecology.

The Company will expand financing channels through the innovation of financing model, constantly elevate the standards of internal control, and improve its corporate governance structure and control mechanism featuring coordinated operation, effective implementation and scientific check and balance, so as to achieve efficient operation and sustainable development of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Information

	2014	2013	Change
	RMB'000	*RMB'000*	
Operating revenue	**41,241,474**	44,789,759	–7.9%
Operating revenue from principal business	**40,562,372**	44,345,880	–8.5%
Gross profit from principal business	**9,667,340**	9,844,278	–1.8%
Gross profit margin from principal business	**23.8%**	22.2%	an increase of 1.6 percentage points
Net profit attributable to the shareholders of the parent company	**2,422,722**	3,215,183	–24.6%
Basic earnings per share attributable to the shareholders of the parent company	**RMB0.52**	RMB0.75	–30.7%
Cash and banks balances	**10,980,172**	8,595,510	27.7%
Current assets	**75,018,806**	60,157,226	24.7%
Current liabilities	**59,513,656**	52,059,972	14.3%
Net current assets	**15,505,150**	8,097,254	91.5%
Non-current assets	**40,666,165**	38,682,324	5.1%
Non-current liabilities	**19,923,927**	16,754,264	18.9%
Total assets	**115,684,971**	98,839,550	17.0%
Equity attributable to the shareholders of the parent company	**31,107,268**	26,280,140	18.4%
Debt ratio (total liabilities to total assets) (%)	**68.7**	69.6	a decrease of 0.9 percentage point

Summary of Business Information

1. Cement and Ready-mixed Concrete Segment

	2014	2013	Change
Sales volume:			
Cement (in thousand tonnes)	**40,550**	38,890	4.3%
Concrete (in thousand cubic meters)	**12,204**	13,030	–6.3%

2. Modern Building Materials and Commerce and Logistics Segment

	2014	2013	Change
Sales volume:			
Refractory materials (in thousand tonnes)	**201**	209	-3.8%

3. Property Development Segment

	2014	2013	Change
Booked GFA (in thousand sq.m.)	**1,497**	1,177	27.2%
Presales (sales) GFA (in thousand sq.m.)	**1,474**	1,684	–12.5%

4. Property Investment and Management Segment

	2014	2013	Change
Gross GFA of investment properties (in thousand sq.m.)	**749**	760	-1.4%

In 2014, numerous challenges were tackled by the Company under the "12th Five-Year Plan". In response to the complicated and changing economic environment and the increasingly challenging market conditions, the Board of the Company took initiative to adapt to new economic trends by adhering to the key note of making progress while maintaining stability and highlighting scientific development as the main principle. Confronted with the stagnant cement market in the region with a drop in prices and the decrease in the growth rate of property market, the Company enhanced its risk control, actively adjusted the business structure and accelerated the transformation of economic development pattern. Through layout optimisation, management enhancement, transformation and upgrading as well as innovative development, the Company achieved the major economic targets and completed key tasks for the year at a satisfactory level, and maintained stable growth as a whole with its major economic indicators taking the leading position in the industry.

During the Reporting Period, the Company recorded operating revenue of RMB41,241.5 million, of which operating revenue from its principal business amounted to RMB40,562.4 million, representing a year-on-year decrease of 8.5%; total profit amounted to RMB3,803.3 million, representing a year-on-year decrease of 4.8%; net profit amounted to RMB2,709.0 million, representing a year-on-year decrease of 16.5%; and net profit attributable to the shareholders of the parent company amounted to RMB2,422.7 million, representing a year-on-year decrease of 24.6%.

1. Cement and Ready-Mixed Concrete Segment

The segment continued to optimize the industrial layout, extend the industrial chain, enrich the essence of the Company's "grand cross-shape" (大十字) strategy in the cement and ready-mixed concrete industry, and steadily promoted the construction of building material base in southern, central and northern Hebei Province, so as to constantly consolidate and expand its influence over regional markets. Confronted with of the severe challenges arising from the regional overcapacity, weak market demand and the unprecedentedly strict regulations on resources and environment, the Company took advantage of its strategic layout, strengthened the control of strategic resources and implemented innovative operating strategies, so as to enhance the market expansion and extend the industrial chain. Besides, by deepening and refining internal control, strengthening the control of costs and account receivables, accelerating the structural adjustment and transformation and upgrading, the Company further improved its capacity of sustainable development and increased the market share of its products. Despite the fact that the government called for full suspension of or limitation on production during major conferences or events, the Company's sales volumes of clinker and cement hit record high and the Company attained the region's leading position with its strong operation results.

Meanwhile, the segment accelerated transformation and upgrading with stepped up efforts in technology innovation as well as industry and equipment upgrading, so as to proactively expand the green business, such as the synergistic use of cement kiln for the disposal of urban wastes. The cement rotary kilns have generally been upgraded with denitrification ability, while the production lines achieved the material management in closed space. The Company saved approximately 0.4 million tonnes of standard coal, 2 million KWH of electricity, 0.3 million cubic metres of gas and 30,000 tonnes of water, reduced dust emission by approximately 380 tonnes and cut NOX emissions by approximately 4,000 tonnes in 2014, demonstrating the large industry group's commitment to serving as a role model.

The cement segment recorded operating revenue from its principal business of RMB12,722.0 million in 2014, a year-on-year decrease of 3.1%. Gross profit from its principal business amounted to RMB2,013.0 million, a year-on-year decrease of 15.6%. The consolidated sales volume of cement and clinker reached 40.6 million tonnes, a year-on-year increase of 4.3%, among which cement sales volume amounted to 33.2 million tonnes and clinker sales volume amounted to 7.4 million tonnes, while the aggregated gross profit margin for cement and clinker was 15.8%, a year-on-year decrease of 2.4 percentage points. Sales volume of concrete totaled 12.2 million cubic meters, a year-on-year decrease of 6.3%, while the gross profit margin for concrete was 10.5%, a year-on-year decrease of 1.0 percentage point.

2. Modern Building Materials and Commerce and Logistics Segment

Adhering to the industrial park-based integrated pattern and the regional marketing mechanism, the segment carried out its production towards a park-based and integrated model supported by comprehensive auxiliary services, while promoting regional development of market. By upholding the quantitative standard of becoming a leading player in the industry and leveraging on benchmark management, the segment centred on the principle of "consolidating development foundation, focusing on principal business, expanding market share, enhancing profitability and improving internal control", built a marketing platform for both international and domestic trade and streamlined the industrial structure, which further enhanced the overall operation quality. The operation and development of the BBMG Dachang Modern Industrial Park and the BBMG Doudian Technology Park achieved the expected effects in industry clusters and advantages in synergistic development, leading to continuous enhancement of the industry matureness and market competitiveness. Under the backdrop of transferring the industrial function of Beijing capital city, the smooth advancement of the infrastructure construction at the BBMG international logistics park has enabled it to become a high-end logistics base with accurate positioning and superior location. The commerce and logistics sector actively prevented and controlled risks and promptly adjusted and properly cut down the scale of bulk commodities business in response to macro-economic conditions and changes in business environment, and achieved satisfactory results.

In 2014, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of RMB10,522.0 million, a year-on-year decrease of 28.2%, while the gross profit from its principal business amounted to RMB970.9 million, a year-on-year decrease of 5.4%.

3. Property Development Segment

By adhering to the "adjustment to two structures" (兩個結構調整) and the guideline of "accelerating cash flow" (好水快流), the segment, in response to the regulatory control over property market, properly position the Company's development and constantly enhanced the layout, expansion and project management strategies. It also standardized the management and control system and adjusted the sales strategy to enhance projects' operating efficiency and profitability, thereby creating satisfactory operating results. Currently, based in Beijing, the Company has successfully expanded its business to three major economic zones of Bohai, Yangtze River Delta and Chengyu (成渝), covering 14 cities, such as Shanghai, Tianjin and Chongqing, with a reasonable product structure comprised of commodity housing, affordable housing and commercial property. The segment also started up the business layout in the industry of nursing and elderly support, and achieved initial success in the operation of four elderly care centres, enabling the Company to expand its business in the property segment and gain new experiences of diversified development and operation.

During the Reporting Period, the Company's residential projects, such as "Jinyu Mantang" (金隅滿堂) in Tianjin, "Xixili" (西溪裡) in Haikou, the Phase 4 of "BBMG Ziyouzhu" (金隅自由築) in Beijing, "BBMG Dacheng Mark Beijing" (金隅大成北京方向), "Chayuan Times" (茶

園時代都匯) in Chongqing, and "Shuangliu Dachengjun" (雙流大成郡) in Chengdu sold at a fast pace. Beijing BBMG's "Aigongguan" (愛公館) and "Bojuejun" (鉑爵郡) were sold out on the first day when the projects were released on the market, while the commercial portion of "Jincheng Center" (金城中心) in Beijing and "Chayuan Times" (茶園時代都匯) in Chongqing were successfully sold as an integral unit. The Company also successfully obtained a certain amount of land for development in other cities, including Beijing, Chengdu, Shanghai, Ningbo and Qingdao (for details, please refer to the table below), laying a new foundation for the sustainable development of the property development segment.

Major land reserve acquired by the Group in 2014

No.	Name of projects (parcel of land)	Location	Use of the land	Land area of the project *(sq.m)*	Planning plot ratio area *(sq.m)*	Land price *(RMB10 thousand)*	Ways of acquisition	Date of acquisition *(Y/M/D)*	Percentage of interest
1	Owner-occupied housing project in Dandian (單店)	Dandian, Dongba, Beijing	Owner-occupied housing	146,827	316,433	433,500	Public bidding	9 January 2014	100%
2	Land WH03 (211, 252, 244) 2014-006 project in Wuhou, Chengdu (成都武侯WH03 (211、252、244) 2014-006地塊項目)	Wuhou District, Chengdu	Residential, commercial	70,217	225,983	102,822	Public bidding	27 February 2014	80%
3	Project of Juyuan New Area, Jiading District, Shanghai (上海嘉定菊園新區項目)	West of Liujiahe and North of Shengzhu Road, Juyuan New Area, Jiading District, Shanghai	Residential (with affordable housing)	112,283	258,251	268,000	Public bidding	4 July 2014	100%
4	Project at the east side of the Yao River lock, Ningbo (寧波姚江船閘東側項目)	The east side of the Yao River lock, Ningbo	Commercial	23,669	47,338	19,172	Public bidding	19 September 2014	100%
5	Land A project of Zhangguo Zhuang, Beijing (北京張郭莊A地塊項目)	Zhangguo Zhuang, Changxindian, Fengtai District, Beijing	Residential	159,368	129,615	256,000	Public bidding	28 October 2014	70%
6	Land B project of Zhangguo Zhuang, Beijing (北京張郭莊B地塊項目)	Zhangguo Zhuang, Changxindian, Fengtai District, Beijing	Residential	63,627	93,545	182,500	Public bidding	29 October 2014	70%
7	Land project of 12 Zhenjiang Road, Shibei District, Qingdao (青島市市北區鎮江路12號地塊項目)	12 Zhenjiang Road, Shibei District, Qingdao	Residential, commercial	54,008	188,487	149,385	Auction	16 December 2014	100%
Total				629,999	1,259,652	1,411,379			

In 2014, the property development segment recorded revenue from its principal business of RMB15,536.6 million, a year-on-year increase of 3.9%, while the gross profit from its principal business was RMB5,411.2 million, a year-on-year increase of 2.6%. The booked GFA was 1,497,200 sq.m. for the year, a year-on-year increase of 27.2%, among which booked GFA of commodity housing amounted to 966,700 sq.m., a year-on-year increase of 33.8%, and booked GFA of affordable housing amounted to 530,500 sq.m., a year-on-year increase of 16.8%. The aggregated contracted sales area of the Company was 1,473,500 sq.m., a year-on-year decrease of 12.5%, among which contracted sales area for commodity housing amounted to 1,296,500 sq.m., a year-on-year increase of 1.8%, while contracted sales area for affordable housing amounted to 177,000 sq.m., a year-on-year decrease of 56.9%. As at the end of the Reporting Period, the Company had a land reserve totaling 5,164,900 sq.m.

4. Property Investment and Management Segment

The Company adhered to its strategy of developing real estate projects in Beijing, resulting in continued asset value appreciation and profitability growth. The segment maintained a stable growth, driven by the continuous corporate adjustment and integration, the accelerated transformation and upgrading of property business, enhancement of management of project operation and improvement of service and project quality. Despite the pressure of increased market supply of office buildings, the Company maintained a relatively high occupancy rate thanks to the adoption of flexible and sound operating strategies, and its continuous optimization of customer structure, making the most of brand effects of quality customers. With its ever-enhancing service management quality, the Company continued to launch innovative services. The hotel and leisure sector stepped up efforts in brand building, timely adjusted its marketing strategies, expanded operating channels, proactively adapted to the market changes and adopted various measures to develop new customer resources, thus reaping the expected operating results. Leveraging on continuous optimization and integration, both the industrial property leasing sector and the community property management sector further enhanced the consolidated service capability, upgraded assets renovation and increased assets return, and gradually demonstrated the brand effects.

In 2014, the property investment and management segment recorded operating revenue from its principal business of RMB2,192.4 million, a year-on-year increase of 12.7%, while gross profit from its principal business was RMB1,336.7 million, a year-on-year increase of 13.8%. As at the end of the Reporting Period, the Company had investment properties totaling 749,000 sq.m. in the core districts of Beijing. The consolidated average occupancy rate was 90% and the consolidated average rental unit price was RMB7.5/sq.m./day.

INVESTMENT PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2014

	Location	Usage	Property Gross Area *(thousand sq.m.)*	Fair value *(RMB million)*	Rental Unit Price *(RMB/sq.m./day)*	Average Occupancy Rate *(Note)*	Unit Fair Value *(RMB/sq.m.)*
Phase 1 of Global Trade Center	North Third Ring Road, Beijing	Commercial	106.1	2,814.3	11.2	92%	26,522
Phase 2 of Global Trade Center	North Third Ring Road, Beijing	Commercial	140.1	2,964.3	7.3	94%	21,156
Phase 3 of Global Trade Center (Ground Floor Commercial)	North Third Ring Road, Beijing	Retail	55.0	1,068.8	7.1	100%	19,425
Tengda Plaza	West Second Ring Road, Beijing	Commercial	69.5	1,456.6	8.9	92%	20,957
Jin Yu Building	West Second Ring Road, Beijing	Commercial	41.2	941.4	7.7	94%	22,874
Jianda Building/Jiancai Jingmao Building	East Second Ring Road, Beijing	Commercial	51.2	1,206.5	4.9	94%	23,567
Dacheng Building	West Second Ring Road, Beijing	Commercial	36.9	850.4	9.5	78%	23,072
		Sub-total	500.0	11,302.3			
Other properties	Beijing Municipality	Commercial and retail	249.0	2,749.5			
		Total	749.0	14,051.8	7.5	90%	18,760

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 ASSETS AND LIABILITIES

Unit: RMB'000

	As at 31 December 2014	As at 31 December 2013	Change
Cash and bank balances	**10,980,171.60**	8,595,510.33	27.7%
Inventories	**48,853,159.42**	37,602,014.26	29.9%
Available for sale financial assets	**1,105,113.25**	505,404.30	118.7%
Construction in progress	**834,891.67**	1,699,222.84	–50.9%
Short-term financing bonds payable	**6,600,000.00**	3,000,000.00	120.0%
Bonds payable	**9,069,911.16**	6,305,600.00	43.8%

Cash and bank balances increased by approximately RMB2,384,661,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in non-public placement of shares, equity financing of property projects and expansion of the scale of borrowings by the Company during the Reporting Period.

Inventories increased by approximately RMB11,251,145,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in the expenditure of land reserve and the investment of projects in progress under the property development segment of the Company.

Available for sale financial assets increased by approximately RMB599,709,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the financing of the Fangshan property development project of the Company for the acquisition of CITIC-CP Asset Management Co. Ltd.'s asset management scheme.

Construction in progress decreased by approximately RMB864,331,000 as compare with that of the beginning of the Reporting Period, mainly attributable to the transfer of construction in progress of the cement enterprises of the Company to fixed assets.

Short-term financing bonds payable increased by RMB3,600,000,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in issuance of short-term financing bonds by the Company.

Bonds payable increased by approximately RMB2,764,311,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in issuance of bonds by the Company.

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 compared with last year (%)	Increase or decrease in gross profit margin from principal business compared with last year
Cement and Ready-mixed Concrete	12,722	10,709	15.8	-3.1	-0.3	Decrease of 2.4 percentage points
Modern Building Materials and Commerce and Logistics	10,522	9,551	9.2	-28.2	-29.9	Increase of 2.2 percentage points
Property Development	15,537	10,125	34.8	3.9	4.6	Decrease of 0.5 percentage point
Property Investment and Management	2,192	856	61.0	12.7	11.1	Increase of 0.6 percentage point
Eliminations	-411	-346	–	–	–	–
Total	40,562	30,895	23.8	-8.5	10.5	Increase of 1.6 percentage points

2. **Investment properties measured at fair value**

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group were RMB628.3 million, accounting for 16.5% of the profits before tax. The fair value gains on investment properties during the Reporting Period were mainly due to an upward revision to the fair value of the investment properties of the Group by the valuer given the overall surge in rental of commercial properties in the open market in Beijing during the Reporting Period.

3. **Expenses during the Reporting Period**

(1) Selling expenses were RMB1,521.6 million, a decrease of RMB44.7 million year-on-year. Such decrease was mainly due to the decrease in agency intermediary fee and transportation expenses.

(2) Administrative expenses were RMB2,886.6 million, an increase of RMB75.3 million year-on-year. Such increase was mainly due to the increase in employee remuneration and repair expenses.

(3) Finance costs were RMB1,209.4 million, an increase of RMB191.9 million year-on-year. Such increase was mainly due to the increase in size of interest-bearing liabilities.

4. **Cash flows**

During the Reporting Period, a net increase of RMB613.2 million in cash and cash equivalents was recognized in consolidated financial statements of the Company. Such increase was the net result of (i) the net cash outflow generated from operating activities of RMB6,156.2 million, representing an increase in outflow of RMB5,596.4 million year-on-year, which was attributable to the increase in the expenditure of land reserve under the property development segment of the Company; (ii) the net cash outflow generated from investment activities of RMB1,616.9 million, a decrease in outflow of RMB2,101.4 million year-on-year, which was attributable to the decrease in the Company's acquisition and construction of fixed assets and investments in projects; (iii) the net cash inflow generated from financing activities of

RMB8,387.4 million, an increase in inflow of RMB1,799.8 million, which was attributable to the increase in non-public placement of shares, equity financing of property projects and expansion of the scale of borrowings by the Company during the Reporting Period and (iv) the exchange realignment of RMB1.1 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 manufacturer and supplier in the region covering Beijing, Tianjin and Hebei Province. Benefiting from the unique geographical advantages and national strategy of synergetic development of Beijing, Tianjin and Hebei Province, and the synchronized development of Beijing and Tianjin, the Company has developed notable edges in regional scale and market dominance, and has become a leading cement enterprise which is devoted to low-carbon, environmental protection, energy-saving and emission reduction initiatives, as well as development of the circular economy. As one of the largest affordable housing developers in Beijing, the Company owns low-cost land reserve for property development and abundant industrial land reserve in first-tier cities. Also, the Company is a leading supplier of green, eco-friendly and energy-saving building materials in the Pan Bohai region and is one of the largest holders and managers of investment properties in Beijing. The four major business segments of the Company have witnessed strong growth and synergetic development by extending their principal businesses to more than 20 provinces, cities and regions in the PRC.

The core competitiveness of the Company is detailed as follows:

1. Competitive Edge in the Industrial Chain: The Company develops a core industrial chain in the form of "cement and ready-mixed concrete – modern building materials manufacturing and commerce and logistics – property development – property investment and management", resulting in a unique development model with all four major business segments incorporated. With acceleration of industrial transformation and upgrading, the cement industry has turned from a grey industry to a green one, while the industry's development layout has shifted from single products to a comprehensive industrial chain. By leveraging the advantages accumulated in the manufacture of green building materials, the Company extends its industrial chain upward and downward and expands toward property development. While focusing on business collaboration and high-end development, the Company has developed toward the modern service sector, including modern property management services and financial services. The Company has also evolved its edge in modern service sector through "Jingmaotong" (京貿通), the first foreign trade comprehensive services integrated platform in Beijing. The overall advantage stands out with prominent inter-segmental synergy. With industrial chain as the core, the advantages of scale, synergy and integration of the Company have witnessed continuous enhancement.

2. Competitive Edge in Technology R&D: The Company enhances its overall strength through technology innovation and continues to increase investment in technology R&D, which gives the Company a sharp edge in the industry in respect of technologies. Technology innovation

nurtures new economic growth point and strengthens the momentum of industrial development for the Company. The Company obtained the approval to establish science association and academic expert service centre. The Company's technology center passed the re-evaluation for state-level enterprise technology center with outstanding results. BBMG Academia Sinica (金隅中央研究院) was approved as a post-doctoral scientific research workstation, and enterprises including Academy of Scientific Research (科研總院) were approved as Beijing International Science and Technology Cooperation Base. The Company established the technology innovation system of "1+N+X" with BBMG Academia Sinica, professional R&D institutions as well as the enterprise's technology centre, engineering centre and key laboratory as its core players. The Company also established a mature cooperation mechanism of "production, study, research and application" with tertiary institutes and scientific research institutions including the University of Beijing, Beijing University of Technology and University of Science & Technology Beijing. In addition, the Company established and improved the system of dispatching chief technology officer, realizing the localization, regionalization, normalization of technical support service. The Company built technology innovation platforms of various levels including the academic workstation, the municipal-level technology cooperation base and the state-level testing centre.

With an investment of RMB650 million in technology R&D in 2014, the Company recorded revenue from sales of new products of approximately RMB2.5 billion, undertook 13 state-level science and technology projects, received 19 provincial and ministry-level (including industry) technology awards (among which, the construction of prevention mechanism of hazardous waste and pollution, as well as the key technology research and demonstration project won the Second Class Award of Science and Technology from the Ministry of Environmental Protection of the PRC), obtained 55 national patents, and played a leading role in formulating 17 national, industrial and local standards. The Company was recognized as a high-tech enterprise in Zhongguancun National Independent Innovation Demonstration Zone (中關村國家自主創新示範區) in 2014, creating new favourable conditions for further expediting the industrial transformation and upgrading as well as the building of innovation-driven patterns.

3. Competitive Edge in Sustainable Development of Green Operations: Based on the integration of Beijing, Tianjin and Hebei Province and the objective of developing "people-oriented Beijing, high-tech Beijing and green Beijing" (人文北京、科技北京、綠色北京), the Company adapted to the capital's positioning of core functions by putting more efforts in developing circular economy and low-carbon economy and establishing a sound system for environmental management, with an aim to accelerate its pace towards transformation and upgrading and embark on a sustainable path for green development. As one of the first pilot enterprises in China to develop the circular economy, the Company cooperates with the government to build a garbage pollution-free city by promoting the circular economy model with "resources-products-wastes-renewable resources" (資源－產品－廢棄物－再生能源) as its core procedure. The Company has accumulated a wealth of experience in the synergetic use of cement kiln for the disposal of waste and has developed a comprehensive scientific research system that focuses on hazard-free disposal of urban waste. In addition, the Company independently developed, built and operated a number of environmental protection facilities,

including the first demonstration line of utilizing cement kiln for hazard-free disposal of industrial solid waste in China, the first production line of applying the synergetic use of cement kiln for the disposal of fly ashes from garbage incineration in China, and an integrated treatment center for hazardous waste which is equipped with the nation's most advanced technology and facilities under the most comprehensive system. With the capacity to dispose of more than 200,000 tonnes of sludge, tens of thousands of tonnes of fly ashes and 43 types of hazardous waste per year, the Company is in charge of disposal of around 90% of hazardous waste in Beijing. The Company continues to launch new building material products, including ready-mixed mortar, modern unshaped refractories, heat-preservation materials in external walls such as glass wool and rock wool, and high-grade wooden doors and windows, which are environment-friendly, energy-saving and low-carbon with heat-insulation, heat-preservation and fireproof features. The Company successfully formulated quality and quantity standards for the transformation and upgrading of manufacturing enterprises, efficiently promoted the standardization of environmental protection, the environmental self-supervision and examination as well as the rectification and implementation mechanism for the enterprise, which maximize the Company's economic and resource usage efficiencies. As a result, the Company has made significant contributions to urban development, environmental safety and social harmony, and became the first cement enterprise which received the "China's Environment Award" (中華環境獎), a distinctive honor in the environmental protection field. The Company was the only enterprise to win the "Green Ecology Media Award" (綠色生態傳媒大獎) under the Beijing Influence Award (北京影響力). Beijing Cement Plant Co., Ltd., Beijing Liulihe Cement Co., Ltd. and Tianjin Zhenxing Cement Co., Ltd., all being subsidiaries of the Company, were among the first batch of enterprises recognized as "Energy Conservation and Emission Reduction Model Enterprises" in the building material sector.

In 2014, the Company invested approximately RMB380 million in implementing environmental protection measures and clean energy transformation, and obtained the environmental protection incentive fund of more than RMB50 million from the government. The Company strengthened the comprehensive utilization of resources, with over 40 of its subsidiaries benefiting from the preferential tax policy in relation to comprehensive utilization of resources, over 50 certificates on comprehensive utilization of resources held as well as comprehensive utilization of 20 types of waste listed in the state directory totaling nearly 30 million tonnes. The residual heat power generators established by the cement enterprise subordinated to the Company has a total capacity of 185 MW. Upon the commencement of operation, it is expected that nearly 1.2 billion kWh of electricity can be provided per year, with reduction in consumption of standard coal by approximately 400,000 tonnes and CO2 emissions by nearly 1 million tonnes. Among them, the project that has been completed and put into operation generates a total of approximately 800 million kWh of electricity per year, saving electricity charge of approximately RMB360 million. Enterprises including Beijing Cement Plant Co., Ltd were granted titles of the " First Cement Green Mines in China" and "Outstanding Technology Group for Contribution to Circular Economy in China".

4. Competitive Edge in Industry-Finance Integration: The establishment and operation of BBMG Finance Co., Ltd. marks a significant step for the Company as its capital operational capacity and capability enter a new stage. BBMG Finance Co., Ltd. offers a new platform to enhance BBMG's overall capital operational efficiency, diversify financing channels and prevent capital risks, facilitating the organic integration between industry capital and financial capital. By broadly cooperating with banks and financial institutions, the Company explores and adopts a wide variety of financing methods, including non-public offering, corporate bonds and convertible bonds. The multi-level and multi-channel financing approach effectively improves capital operational capacity and management efficiency, and further reduces corporate financing costs. In 2014, the Company completed its non-public offering of A Shares and raised funds of approximately RMB2.8 billion. The Company extended the maturity of bonds of approximately RMB1.324 billion by successfully reselling the portion of "2009 BBMG Bond" which sold back by investors at a lower rate as compared to bonds of the same category with the same maturity. The Company issued new short-term financing bonds of RMB6.6 billion, medium-term notes of RMB3.5 billion and private placement bonds of small-and-medium enterprises of RMB200 million, and applied for mid-and-long term business property loan of RMB3 billion. The Fangshan development project by BBMG Jiaye Real Estate Development Co., Ltd. served as a carrier to inject equity capital of RMB1.2 billion at a low cost. The Company further diversified the investment methods for overall development, expanded the financing channels and further strengthened capital protection.

5. Competitive Edge in Corporate Culture and Branding: The Company established a scientific model for the control and management of corporate culture and improved the management procedures of the same. The Company forms core values of "faith, respect and responsibility" under the principle of "showing personality while obtaining general acceptance among employees, embracing core 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，儘快見到成效), as well as the basic framework for the core essence of BBMG's corporate culture which is composed of human spirits of "three emphasis and one endeavor" (三重一爭), "integration, communion, mutual benefit and prosperity" (共融、共用、共贏、共榮) and "eight specials" (八個特別). The Company established a comprehensive talent-fostering project to form BBMG's talent cultural concept of "adopting people-oriented approach for everyone to develop their talents", and established and improved the mechanism to foster, appoint, evaluate, encourage and exchange talents, thereby strengthening the employees' loyalty, sense of identity and sense of belonging to the enterprise, as well as igniting and maintaining the powerful momentum to effectively drive the development of the enterprise. According to China's 500 Most Valuable Brands issued by the World Brand Lab, BBMG's brand value has exceeded RMB20 billion and "BBMG" has been consecutively honored the well-known trademark in Beijing. The unique culture raises the brand awareness and prestige of BBMG. The continuous growth in corporate culture has created a sound cultural atmosphere and intelligence support for the materialization of development vision and objectives of the Company.

DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

1. Industry competition pattern and development trend

Currently, the global economy is still lingering in the post-financial crisis adjustment period, and there seems to be no clear signs of a significant overall recovery. Meanwhile, China's economy is becoming more sophisticated, specialized and logical in structure. The economic development is entering into a phase of "new normal", featuring a shift from high-speed growth to a medium-to-highspeed growth, and from an extensive pattern of scale and speed-oriented growth to an intensive pattern of quality and efficiency-oriented growth. The economic structure has undergone a transformation from highlighting quantity and capacity to enhancing quality and efficiency while adjusting existing resources. New growth points outperform traditional ones to be the momentum of economic growth. Although China is facing high pressures of economic downturn and the temporary adverse impact of restructuring appears, the economic fundamental upsides remain unchanged as a whole. The direction of "making progress while maintaining stability" is still quite clear. Understanding, adapting to and leading the "new normal" will remain for some time the "main logic" of China's economic growth.

In 2015, by adhering to the key note of "making progress while maintaining stability" with a priority to improving the quality and efficiency of economic development, China will take initiatives to adapt to the "new normal" of economic development, maintain economic operation within a reasonable range, emphasize model transformation and restructuring, tackle difficult problems, drive innovation, strengthen risk management, protect people's livelihoods, so as to promote the steady and healthy economic growth and social harmony.

Cement industry: During the past year, despite further decrease in investment and growth rate of production capacity and volume of cement industry, the nationwide overcapacity has not been solved. In addition, the cement industry saw an unprecedentedly heightened environmental pressure and the calls for firmer dominance and voice in regional markets. In 2015, faced with huge overcapacity and increasingly fierce market competition, the industry's development will rely on strategies of mergers and reorganizations and "going global". Establishing environmental-friendly cement enterprises through transformation and upgrade, energy conservation and emission reduction will become an inevitable trend of the industry.

Property industry: During the past year, growth of investments in the property industry continued to slow down. Sales turnover and sales area decreased on a year-on-year basis and uncertainty in the property market grew significantly, especially in third and fourth-tier cities. The Chinese government continued to deepen the adjustments for the property market while eased the control over the property industry. Despite the various uncertainties in the market in 2015, the real estate policies will become more steady and easy as the economy enters a phase of "new normal". Under the principles of stabilizing housing prices and supporting demands for owner-occupancy and housing condition upgrades, there will be further diversification and differentiation in the regulatory policies of different regions, which will accelerate the establishment of a long-term mechanism for stable and healthy development of the industry.

2. The Company's development strategies

2015 will be a crucial year for China to deepen reforms. It will also be a year when difficult problems of economic development will be tackled in face of the "new normal". In response to the new characteristics, laws and requirements of economic development in the "new normal" phase, the company will adapt the changes, seize the opportunities arising from reforms, stay ahead to develop new trends and continue to strengthen and expand our principal business by grasping the opportunities arising from the synergetic development of Beijing, Tianjin and Hebei Province and giving full play to its advantages of location, market control, technology management and brand culture. Based on the BBMG model of overall, comprehensive and rapid development, we will strive to deepen internal integration and expand cooperation with external parties, service the base market of Beijing and develop new markets for strategic resources integration, in order to achieve a harmonious integration of economic, social and ecological benefits. The Company will further adjust and optimize its business structure, product structure, organizational structure, asset (capital) structure and human resources structure, which are closely linked to its sustainable development, to adapt to market competition and the "new normal" of economic development. By adhering to the development strategy of four major segments, the Company will improve the strategic layout in China by stages and expand overseas markets to achieve international development and improve the Company's overall strength and core competencies.

The strategies of each segment of the Company:

(i) Based on the overall advantages of the Company, the cement and ready-mixed concrete segment will actively lead the industrial restructuring in the region, optimize and enrich the "grand cross-shape" strategic layout, build certain concentrated industry bases of enterprises in each region, enhance product concentration in regional markets and extend the industrial chain in an orderly manner, so as to strengthen its position as a leading player and strengthen the control and influence over regional markets. By leveraging on the Company's technological improvement, the segment will strengthen the internal control, press for transformation and upgrade, and improve business profitability and sustainability to achieve a healthy, stable and coordinated development.

(ii) The modern building materials and commerce and logistics segment will continue to adhere to the "industrial park-based" growth and "integrated" sales pattern, speed up adjustments in transformation of layouts and park construction, and make use of its advantages in industry concentration and industry synergy. Upholding the quantitative standard of becoming a leading player in the industry and leveraging on benchmark management, the segment will further strengthen the fundamentals, continue to focus on the principal business and make innovation in sales models to expand market share and improve profitability. The commerce and logistics sector will need to introduce and draw lessons from mature risk management mechanisms, enhance risk management of bulk commodity business and expand business scale to create new and better conditions for sustainable and quality development in the segment.

(iii) The property development segment will adhere to the guidelines of "accelerating cash flow" and "adjustment to two structures", and make the most of the macro control policies in a scientific approach. Based on strengthened capabilities in prediction of policy information and capturing of market opportunities, the segment will accurately judge market trends and changes, actively pursue market leadership, strengthen self-building capacity, actively respond to market needs and improve supporting services of products for a breakthrough in property sales. The segment will also actively expand its financing channels and make innovations in development models in order to achieve an efficient and rapid growth.

(iv) The property investment and management segment will deepen adjustments and consolidation in response to the complex economic situations, optimize resources allocation, make timely adjustments to development strategy and positioning, improve quality of assets management, and actively promote innovation in operations. Service upgrading will be promoted by introducing new technology, new business forms and new methods so as to increase the technical content and the added value of property services and maintain a sustainable growth in this segment.

3. Operating Planning

2015 is the last year of the "12th Five-Year Plan". In face of the complicated and volatile economic environment and new opportunities arising from reforms and development, the Board will study and make prudent judgements on macroeconomic conditions and industry dynamics. The Company will optimize its layout, strengthen the management, transform and upgrade and promote innovative development to make a fresh progress and lay a solid foundation for the formulation and implementation of the Company's upcoming "13th Five-Year Plan".

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

In 2015, the Company will ensure normal production and operation by making overall plans to allocate capital and arrange for the proper use of capital. Meanwhile, the Company will further optimize its asset structure, intensify management over the progress of sales and settlement, strictly control various expenses and fully utilize various financial instruments to lower the costs of using capital, so as to ensure the benign circulation of cash flow to finance the Company's strategic development.

5. Possible Risks

(i) Risks in Policies

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

Solution: Leveraging fully on the advantages in scale, region and brand, the Company will sharpen its core competence and minimize the risks brought by macroeconomic policies through enhancing the interpretation, analysis and judgment of the national macroeconomic policies, actively adapting to the "new normal" in response to national policies, making use of market trends, 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) Risks in Market Competition

The regional market where the cement and ready-mixed concrete segment of the Company operates is faced with unbalance in demand and supply and fierce price competition among enterprises, with concentration in need of further improvement, and which constrains and impedes the profitability of the cement segment of the Company.

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

(iii) Risks in Capital Operation

In 2015, the central bank will maintain a prudent monetary policy and a steady growth of credit and social financing scale. The interest rate liberalization will further drag down the growth rate of medium-to-long term credit. Since it is in the stage of rapid development, the Company will face certain level of financial pressures to maintain daily operations and meet needs of future development.

Solution: The Company will strengthen budget and liquidity management, improve coordinated capital allocation, and expand the scope of financing products and channels. BBMG Finance Co., Ltd. will continue to optimize its operation to give full play to its role as a financial vehicle and a platform for managing liquidity and economic risks.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group's total assets amounted to RMB115,685.0 million, an increase of 17.0% from the beginning of the Reporting Period, of which liabilities amounted to RMB79,437.6 million, minority interests amounted to RMB5,140.1 million and total equity attributable to the shareholders of the parent company amounted to RMB31,107.3 million. The asset quality of the Group was significantly improved. Total equity attributable to shareholders amounted to RMB36,247.4 million, an increase of 20.7% from the beginning of the Reporting Period. As at 31 December 2014, the Group's net current assets were RMB15,505.2 million, an increase of RMB7,407.9 million year-on-year. Debt ratio (total liabilities to total assets) as at 31 December 2014 was 68.7%, a slight decrease of 0.9 percentage point from the beginning of the Reporting Period.

As at 31 December 2014, the Group's cash and bank balances amounted to RMB10,980.2 million, an increase of RMB2,384.7 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 2014, the Group's interest-bearing bank borrowings amounted to RMB21,728.6 million (as at 31 December 2013: RMB21,692.9 million) and bore fixed interest rates. Of these borrowings, approximately RMB14,949.1 million interest-bearing bank borrowings were due for repayment within one year, an increase of approximately RMB136.1 million from the beginning of the Reporting Period. Approximately RMB6,779.5 million interest-bearing bank borrowings were due for repayment after one year, a decrease of approximately RMB100.4 million from the beginning of the Reporting Period. The Group's interest-baring bank borrowings were all denominated in RMB.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. The Company has sufficient capital for its operations. As at 31 December 2014, the Group had no future plans for material investments or capital assets.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

During the Reporting Period, the material disposal of subsidiary of the Group that was required to be disclosed is as follows:

On 26 August 2014, BBMG GEM Real Estate Development Co., Ltd. ("**BBMG GEM**") (a wholly-owned subsidiary of the Company), Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd. (the "**Project Company**") (an indirect wholly-owned subsidiary of the Company through BBMG GEM) and CITIC-CP Asset Management Co. Ltd. ("**CITIC-CP Asset Management**") entered into the Capital Increase Agreement pursuant to which CITIC-CP Asset Management agreed to make a capital contribution of RMB1,200 million to the Project Company (the "**Capital Increase**").

Upon completion of the Capital Increase, (i) the registered capital of the Project Company shall be RMB2,372,549,020; and (ii) the equity interest in the Project Company shall be held as to 51% by BBMG GEM and as to 49% by CITIC-CP Asset Management.

The Project Company is principally engaged in the business of property development and sale of commodity housing. It has entered into a land use right contract with the relevant government authority for the Fangshan Project, which is a project located at parcels of land including land no. 10-01-05 situated at Fangshan Xincheng Liangxiang Zutuan, Fangshan District, Beijing (Land Parcel No.1 of Institute of Technology), intended to be developed into commodity housing units.

The Company believes that the transactions contemplated under the Capital Increase Agreement are highly beneficial to the Company and its shareholders as a whole by providing a strong and stable source of capital for the Project Company to develop the Fangshan Project, which would enrich the Group's property development model and improve debt and asset structure of the Group. Following the completion of the Capital Increase, the Project Company would remain a subsidiary of the Company and the Company would remain in control of the future development of the Project Company.

Save for the transaction disclosed above, the Group had not conducted any material acquisition or disposal of subsidiaries and associated companies that was required to be disclosed during the Reporting Period.

MATERIAL CONTRACTS

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

Assuming no further shares was issued by the Company prior to the completion of the Proposed Placing, the Parent Subscription and the Fund Subscription, upon completion of the Proposed Placing, the Parent Subscription and the Fund Subscription, the interests held by BBMG Group, the Fund and parties acting in concert with any of them (the "**Combined Concert Group**") would increase from 43.07% to 49.03% of the total issued share capital of the Company as enlarged by the issue of A Shares under the Proposed Placing, the Parent Subscription and the Fund Subscription. The Combined Concert Group would, in the absence of the whitewash waiver (the "**Whitewash Waiver**"), be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Code on Takeovers and Mergers (the "**Takeovers Code**") as a result of the Proposed Placing, the Parent Subscription and the Fund Subscription.

A formal application has been made by the Combined Concert Group to the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director (the "**Executive**") for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, was subject to, among other things, the approval by the Independent Shareholders at the Extraordinary General Meeting held on 30 October 2013 (the "**EGM**") by way of poll. It was a condition precedent to completion of the Proposed Placing, the Parent Subscription and the Fund Subscription that the Whitewash Waiver was granted by the Executive.

On 10 October 2013, the Company was notified by BBMG Group that it has received on 10 October 2013 the approval from Beijing SASAC as to the Proposed Placing of the Company and therefore, one of the conditions precedent of the Proposed Placing, the Parent Subscription and the Fund Subscription has been fulfilled.

On 15 October 2013, the Executive has indicated that it has agreed, subject to the approval by the Independent Shareholders at the EGM by way of poll, to waive the Combined Concert Group from any obligation to make a general offer for all the shares under Rule 26 of the Takeovers Code as a result of the Proposed Placing, the Parent Subscription and the Fund Subscription.

At the EGM, all the relevant resolutions regarding the Proposed Placing, the Parent Subscription, the Fund Subscription and the Whitewash Waiver were duly passed.

As the Whitewash Waiver was granted by the Executive and the conditions imposed thereon are being fulfilled, the Proposed Placing, the Parent Subscription or the Fund Subscription would proceed as scheduled. In such case, the requirement of the Combined Concert Group to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of the Proposed Placing, the Parent Subscription and the Fund Subscription would not be triggered.

On 7 March 2014, the Company received approval from CSRC for the Proposed Placing and therefore, all of the conditions precedent of the Proposed Placing, the Parent Subscription and the Fund Subscription have been fulfilled. After completion of the requisite procedures, the issue of A Shares under the Proposed Placing, the Parent Subscription and the Fund Subscription was completed on 26 March 2014.

After completion of the issuance of A Shares, the total assets and net assets of the Group have increased substantially, and the capital strength of the Group has been improved. The gearing ratio of the Group further decreased, which is conducive to rationalizing its capital structure, minimizing its financial risks and enhancing its solvency. The net proceeds of approximately RMB2,774.7 million raised will be used for the development of the modern building materials and commerce and logistics segment of the Company. The competitiveness of the modern building materials and commerce and logistics segment will be further enhanced.

USE OF PROCEEDS FROM THE PROPOSED PLACING

Gross proceeds raised from the Proposed Placing were approximately RMB2,795 million. Based on the estimation of all applicable costs and expenses in association with the Proposed Placing, the net proceeds from the Proposed Placing (after deducting all applicable costs and expenses in association with the proposed placing) were approximately RMB2,774.7 million, and approximately RMB1,795.2 million of which would be used to fund the investment in the furniture manufacturing project situated at the BBMG Da Chang Industrial Park, Da Chang Hui Autonomous County, Hebei Province, the PRC (the "**Furniture Project**").

Due to the change of business plans and to make better use of existing resources instead of purchasing new facilities, the total investment amount for the Furniture Project is proposed to be adjusted from RMB2,538.1 million to RMB1,294.1 million, and the Company proposed to use RMB900.0 million of the net proceeds from the Proposed Placing to fund the Furniture Project, with the remaining net proceeds from the Proposed Placing of approximately RMB895.2 million to be used for the Group's working capital purposes (the "**Proposed Change of Proceeds**").

RMB million

No.	Project	Total investment for the project according to the original plan	Total investment for the project after the change	Proceeds from the Proposed Placing to be used according to the original plan	Proposed Change of Proceeds	Actual use of proceeds from the Proposed Placing during the Reporting Period
1.	Engineering project of BBMG international logistics park	1,369.4	1,369.4	979.5	979,5	172.4
2.	Furniture manufacturing project with an annual production capacity of 0.8 million pieces of furniture	2,538.1	1,294.1	1,795.2	900.0	203.9
3.	Proceeds not yet utilized (amount in the designated account for proceeds from the proposed placing)	–	–	–	–	204.2
4.	Agency fee and interest income to be paid	–	–	–	–	(5.8)
5.	Temporary replenishment of working capital *(Note)*	–	–	–	–	2,200.0
6.	Permanent replenishment of working capital	–	–	–	895.2	–
Total		**3,907.5**	**2,663.5**	**2,774.7**	**2,774.7**	**2,774.7**

According to the relevant PRC laws, Rules Governing the Listing of Stocks on Shanghai Stock Exchange and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Proposed Change of Proceeds is subject to the approval from the shareholders of the Company at the AGM. A resolution will be proposed by the Company at the AGM to consider and approved, if thought fit, the Proposed Change of Proceeds.

Note: The term of use for the RMB2,200.0 million from the idle proceeds from the proposed placing used by the Company as temporary replenishment of working capital shall be not more than 12 months from the date the Board considered and approved the use at a meeting on 12 April 2014, upon expiry of which the monies shall be returned to the designated account for proceeds from the proposed placing.

PLEDGE OF ASSETS

As at 31 December 2014, certain of the Group's bills receivable, inventories, fixed assets and investment properties amounting to RMB8,935.3 million (as at 31 December 2013: RMB5,791.8 million) were pledged to secure loans of the Group, which accounted for approximately 7.7% of the total assets of the Group (as at 31 December 2013: 5.9%).

CONTINGENCIES

Unit: RMB

		As at 31 December 2014	As at 31 December 2013
Provision of guarantee to a related party	*Note 1*	–	800,000,000.00
Provision of guarantee to third parties	*Note 2*	**6,229,968,642.05**	4,301,550,334.04
		6,229,968,642.05	5,101,550,334.04

Note 1: Being the guarantee provided by BBMG Hongye Ecological Science and Technology Co., Ltd., a subsidiary of the Company, to BBMG Group. As at 31 December 2014, BBMG Group repaid the loans, and the procedures on release of the investment properties from charge are in progress.

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

COMMITMENTS

Unit: RMB

	As at 31 December 2014	As at 31 December 2013
Acquisition or construction of fixed assets which are contracted but not completed	**135,966,972.58**	163,519,660.43
Property development contracts which are contracted and being executed or will be executed	**7,638,005,516.15**	5,767,254,870.36
Equity acquisition contracts which are approved but not executed	**245,668,600.00**	–
	8,019,641,088.73	5,930,774,530.79

The significant commitments made by the Group as at 31 December 2013 have been duly performed as previously undertaken.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Save for the profit distribution proposal for 2014, whereby a cash dividend of RMB0.050 per share (inclusive of tax) will be distributed with a total amount of approximately RMB239,232 million and subject to the approval of the Company's shareholders at the forthcoming AGM, 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 2014, the Group had 28,753 employees in total (as at 31 December 2013: 28,790 employees). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB1,720.7 million (for the year ended 31 December 2013: RMB1,627.8 million), representing an increase of approximately of 5.7%.

During the Reporting Period, the Company's core technical team or key technical personnel remained stable in general, as there was no significant turnover of staff in the core technical team or staff possessing key technologies that are significant to the Company's core competitiveness. By a series of ongoing measures, such as stepping up efforts in both external and internal training and development, attracting and introducing core technical talents and carrying out practice and training in key positions, we were able to constantly optimize the staff structure of the Company, enabling the Company to develop toward a younger, more knowledgeable and professional direction, and maintain a sound growth momentum in the establishment of a team of talents.

The Company has attached great importance to the training and development of core technical team and key technical personnel. The Company maintained the stability and expansion of staff by various measures, such as stepped-up efforts in training and development, providing training for key positions, job rotation, internal and external work exchange, on-the-job training, dual establishment of management and technical team, improved package and benefits for key personnel, enhanced benefits and protection for the key personnel and stepped up efforts in the introduction of talents as well as the "delivering-warm" project, resulting in the maintenance of core competitiveness and creativity of the Company.

The Company maximized the enthusiasm and creativity of its staff through staff deployment to give full play to synergistic growth of the staff income and economic benefits, so as to maintain the stability of our staff team as well as attract, introduce and retain talents, strengthening the core competitiveness and creativity of the development of the Company on an ongoing basis. The Company has established a fairer and more reasonable, scientific and standardized remuneration and benefit system for employees by making continuous improvement on the same. The adaptability and effectiveness of remuneration policy towards the Company's business development has played an active role in maintaining the capacity for the sustained robust development of the Company. As the actual situation of the Company and the features of business developments of its subsidiaries varied, with a view to executing the remuneration and benefit programme in a more flexible and efficient manner, the Company's remuneration policy was mainly implemented in certain forms set out as follows:

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

In addition, the Company has also established a sound benefit system for employees by paying comprehensive social insurance and housing fund, adopting annuity system (to supplement the pension insurance) and supplemental medical insurance. The Company released the high temperature subsidy and keep warm subsidy in a timely manner, giving comprehensive protection for its staff in respect of their legal right and interest.

TRAINING SCHEME

More than 9,000 people participated in the training scheme of the Company, including training for directors, supervisors and senior management, training for senior operational and management talents of enterprise, induction training for college graduates, training for human resources managers, training in investor relations, continuing education for legal advisers, training for special operations personnel, training in production and management for cement enterprises, training in environmental energy-saving quality, technology and statistics, training for the chief staff and training in the standardization of branches.

The statistics of the profession composition of the employees (as at 31 December 2014)

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 employees (as at 31 December 2014)

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 Reporting Period. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

TREASURY POLICIES

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

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

So far as was known to the Directors, as at 31 December 2014, shareholders of the Company who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
A Shares	BBMG Group Company Limited	Directly and beneficially owned	2,292,881,099	63.42	47.92
A Shares	China National Materials Co., Ltd.	Directly and beneficially owned	239,580,000	6.63	5.01
H Shares	BlackRock, Inc.	Directly and beneficially owned	100,385,889	8.58	2.10
H Shares	FMR LLC	Directly and beneficially owned	72,155,812	6.17	1.51
H Shares	Macquarie Group Limited	Directly and beneficially owned	70,948,300	6.07	1.48
H Shares	Sloane Robinson LLP	Directly and beneficially owned	70,497,000	6.03	1.47
H Shares	JPMorgan Chase & Co.	Directly and beneficially owned	58,602,821	5.01	1.22

Short positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of Shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
H shares	BlackRock, Inc.	Directly and beneficially owned	10,328,000	0.88	0.22
H shares	JPMorgan Chase & Co.	Directly and beneficially owned	1,304,000	0.11	0.03
H shares	Macquarie Group Limited	Directly and beneficially owned	30,000	0.00	0.00

Save as disclosed above, as at 31 December 2014, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

As at 31 December 2014, none of the Directors, supervisors and chief executives of the Company had an interest or 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), which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

As at 31 December 2014, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Model Code during the Reporting Period. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Model Code during the Reporting Period.

CORPORATE GOVERNANCE CODE

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

During the Reporting Period, the Company 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 applied the principles and complied with all the code provisions of the corporate governance code (the "**CG Code**"), as amended from time to time, set out in Appendix 14 to the Listing Rules during the

Reporting Period as its own code on corporate governance practices. 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, the Company had complied with the code provisions of the CG Code for the Reporting Period.

During the Reporting Period, the Company had made further progress with its corporate governance practices.

Looking forward, the Company will keep its corporate governance practices under continual review to ensure their consistent application and will continue to improve the practices having regard to the latest developments.

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Subsequent to the completion of the Proposed Placing, the Parent Subscription and the Fund Subscription on 26 March 2014, the Board approved two amendments to the Articles of Association of the Company (the "**Articles**") to reflect the changes in the total issued share capital and the shareholding structure of the Company after completion of the Proposed Placing. The amendments to the Articles took effect on 11 April 2014. Details of the amendments were disclosed in the announcement of the Company dated 11 April 2014.

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 consists of one non-executive Director and four independent non-executive Directors. At a meeting convened on 25 March 2015, the Audit Committee has reviewed and considered the consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also recommended the Board to adopt the Group's consolidated financial statements for the Reporting Period.

Members of the Audit Committee are Zhang Chengfu (independent non-executive Director), Xu Yongmo (independent non-executive Director), Yip Wai Ming (independent non-executive Director), Wang Guangjin (independent non-executive Director) and Yu Kaijun (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 Kaijun (non-executive Director), Zhang Chengfu (independent non-executive Director), Xu Yongmo (independent non-executive Director) and Wang Guangjin (independent non-executive Director). Xu Yongmo is the chairman of the Remuneration and Nomination Committee.

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members for H shares of the Company will be closed from 28 April 2015 (Tuesday) to 27 May 2015 (Wednesday), both days inclusive, for the purpose of determining entitlements of the shareholders the right to attend and vote at the AGM. In order to qualify for the right to attend and vote at the forthcoming AGM of the Company to be held on 27 May 2015 (Wednesday), all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 27 April 2015 (Monday).

The transfer books and register of members for H shares of the Company will be closed from 4 June 2015 (Thursday) to 8 June 2015 (Monday), both days inclusive, for the purpose of determining entitlements of the shareholders to the right to receive the final dividends for the Reporting Period. In order to qualify for the right to receive the final dividends for the Reporting Period, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 3 June 2015 (Wednesday).

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
26 March 2015

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