



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

2015

INTERIM REPORT




BBMG



Contents

2	CORPORATE INFORMATION
6	CHAIRMAN'S STATEMENT
10	MANAGEMENT DISCUSSION AND ANALYSIS
30	OTHER INFORMATION
37	REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS
38	UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET
41	UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT
44	UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
46	UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
48	UNAUDITED INTERIM BALANCE SHEET
50	UNAUDITED INTERIM INCOME STATEMENT
52	UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY
54	UNAUDITED INTERIM STATEMENT OF CASH FLOWS
56	NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
247	SUPPLEMENTARY INFORMATION TO UNAUDITED INTERIM FINANCIAL STATEMENTS



CORPORATE INFORMATION

Chinese name of the Company	北京金隅股份有限公司
English name of the Company	BBMG Corporation*
Headquarters	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Registered office and principal place of business in the PRC	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Principal place of business	Room 405, Kai Wong Commercial Building 222 Queen's Road Central, Hong Kong
Website of the Company	www.bbm.com.cn/listco
Legal representative	Jiang Deyi
The Board	
<i>Executive Directors</i>	Jiang Deyi (<i>Chairman and President</i>) Shi Xijun Zhang Jianli (appointed on 12 August 2015) Zang Feng Wang Shizhong Wang Hongjun (resigned on 2 September 2015)
<i>Non-executive Director</i>	Yu Kaijun
<i>Independent non-executive Directors</i>	Zhang Chengfu Xu Yongmo Yip Wai Ming Wang Guangjin

* for identification purposes only

CORPORATE INFORMATION

The Supervisory Board

Supervisors

Wang Xiaojun (*Chairman*)
Li Bichi
Qian Xiaoqiang
Zhang Dengfeng
Zhang Yifeng
Wang Xin

Committees

Audit Committee

Zhang Chengfu (*Chairman*)
Yu Kaijun
Xu Yongmo
Yip Wai Ming
Wang Guangjin

Remuneration and Nomination Committee

Xu Yongmo (*Chairman*)
Zhang Chengfu
Wang Guangjin
Yu Kaijun
Shi Xijun

Strategic Committee

Jiang Deyi (*Chairman*)
Zhang Chengfu
Xu Yongmo
Wang Guangjin
Wang Hongjun (resigned on 2 September 2015)

CORPORATE INFORMATION

Authorised Representatives

Jiang Deyi (appointed on 2 September 2015)
 Lau Fai Lawrence
 Wang Hongjun (resigned on 2 September 2015)

Board Secretary

Wu Xiangyong

Company Secretary

Lau Fai Lawrence

Listing Information*A Shares*

A Share registrar

China Securities Depository and Clearing
 Corporation Limited, Shanghai Branch
 36th Floor, China Insurance Building
 166 Lujiazui Road East, Pudong New District,
 Shanghai, the PRC

Place of listing

Shanghai Stock Exchange

Stock name

BBMG

Board lot

100 shares

Stock code

601992

H Shares

H Share registrar

Computershare Hong Kong Investor Services Limited
 Shops 1712 – 1716, 17th Floor, Hopewell Centre
 183 Queen's Road East, Wanchai, Hong Kong

Place of listing

The Stock Exchange of Hong Kong Limited

Stock name

BBMG

Board lot

500 shares

Stock code

02009.HK

CORPORATE INFORMATION

Principal bankers

Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited
Bank of Communications Co., Ltd.
Bank of Beijing Co., Ltd.
China Construction Bank Corporation

Independent auditor

Ernst & Young Hua Ming
Certified Public Accountants

Legal advisers

Paul Hastings
As to Hong Kong law

Guantao Law Firm
As to PRC law

CHAIRMAN'S STATEMENT



Jiang Deyi
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of BBMG Corporation (hereinafter referred to as "**BBMG**" or the "**Company**"), I am pleased to present to you the interim results of the Company for the six months ended 30 June 2015 (the "**Reporting Period**"), and the operating results of the Company during the said period for your review.

Interim Results

During the Reporting Period, the Company recorded operating revenue of approximately RMB18,056.3 million, representing a year-on-year decrease of 12.5%; net profit attributable to the shareholders of the parent company of approximately RMB1,047.7 million, representing a year-on-year decrease of 24.1%; and basic earnings per share attributable to the shareholders of the parent company of RMB0.22.

Review

During the Reporting Period, the pressure for global economic downturn lingered and China witnessed slower economic growth. Market demand contracted and environmental protection pressure further accumulated. Confronting the complex and grim economic landscape, the Board seized development trends and opportunities precisely by defining a clear direction for development, formulating development strategies in a scientific manner and fine-tuning the course of growth, so as to rise to the challenges. By proactively leading and promoting industry development, pressing ahead with energy saving and environmental protection as well as industrial transformation and upgrade, the Company stepped up efforts to draw upon its leading advantages in strategic planning, resources integration, refined management and technological innovation, and delivered sound performance in various indicators and tasks.

CHAIRMAN'S STATEMENT

The cement and ready-mixed concrete segment leveraged its advantage in strategic planning to accelerate transformation and upgrade, improve its energy conservation capability, enhance synergy in its development, boost external market operations and build a competition-cooperation development mode, achieving smooth operation against the tightening of profit margins in the industry. The property development segment proactively adapted to the changing market by grasping opportunities in the rebounding market, timely adjusting sales strategies, and sustaining the hot sales of its projects. The sound brand image of BBMG was further reinforced through continual improvements in brand value and reputation. Adhering to the industrial park-based production pattern and the integrated marketing mechanism, the modern building materials and commerce and logistics segment consistently enhanced its overall operation quality while preliminarily shaping an operation mode with bulk trades, agency services, and international trades as its core elements. The property investment and management segment continued its healthy development through the parallel improvement in the service quality and revenue level of its projects, and the simultaneous growth in the operational results and market share of its business hotels and apartments.

Prospects

In the second half of 2015, with the continual optimisation of the economic structure, innovation will become the engine for the promotion of both economic and social development. In line with the gradual implementation of the synergetic development plan of Beijing, Tianjin, and Hebei, the adjustment of positioning and dispersal of key non-capital functions, and the tightening up of environmental protection measures by the government, the Company will actively rise to the market challenges and seize policy opportunities with a full understanding of the macro economic condition, so as to effectively resolve emerging problems which deter corporate development with the Company's current conditions in mind through improving refined management, and stepping up cost control and reduction and destocking. The Company will leverage policy and industry dispersal opportunities through closely acting in line with the capital positioning requirements for core functions, grasping new opportunities arising from industry transformation and upgrade and adapting to the new energy saving and emission reduction mechanism focusing on both incentives and restraints. The Company will step up efforts in boosting its innovation abilities in key sections and main business areas, and expedite the formulation of a new innovation-driven development mode by furthering innovative thinking.

CHAIRMAN'S STATEMENT

Through constantly elevating the standards of internal control, the Company will continue to improve its corporate governance structure featuring coordinated operation, effective implementation and scientific check and balance, and cultivate economic growth momentum through boosting its self-innovative capabilities. Adhering to the development principle of "harmonious unity of economic, social, and ecological benefits", the Company will firmly establish accountability consciousness and the management philosophy of sustainable development so as to further accelerate the transformation into energy-saving and environment-friendly development. The Company will also enhance the establishment of the BBMG culture system, thereby providing a cultural base for the Company to win a leading position and achieve sustainable development amid fierce market competition.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to the shareholders and business partners of the Company for their support and assistance. I believe that with the tremendous support of the shareholders and the concerted efforts of all staff members, the Company will achieve rapid development of all its businesses and create greater investment value for shareholders.

Jiang Deyi

Chairman of the Board

Beijing, the PRC

27 August 2015



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Information

Unit: RMB million

	For the six months ended 30 June		Change
	2015 <i>(Unaudited)</i>	2014 (Unaudited)	
Operating revenue	18,056.3	20,637.8	-12.5%
Operating revenue from principal business	17,816.9	20,350.2	-12.4%
Gross profit from principal business	4,885.9	5,030.0	-2.9%
Gross profit margin from principal business (%)	27.4	24.7	an increase of 2.7 percentage points
Total profit	1,524.7	2,086.7	-26.9%
Net profit	1,021.6	1,516.8	-32.6%
Net profit attributable to the shareholders of the parent company	1,047.7	1,380.6	-24.1%
Basic earnings per share (RMB)	0.22	0.30	-26.7%

MANAGEMENT DISCUSSION AND ANALYSIS

	<i>As at 30 June 2015 (Unaudited)</i>	As at 31 December 2014 (Audited)	Change
Cash and bank balances	8,210.7	10,980.2	-25.2%
Current assets	75,526.9	75,018.8	0.7%
Current liabilities	61,618.5	59,513.7	3.5%
Net current assets	13,908.4	15,505.2	-10.3%
Non-current assets	41,617.2	40,666.2	2.3%
Non-current liabilities	19,886.5	19,923.9	-0.2%
Total assets	117,144.2	115,685.0	1.3%
Equity attributable to the shareholders of the parent company	31,529.1	31,107.3	1.4%
Debt ratio (total liabilities to total assets)(%)	69.6%	68.7%	an increase of 0.9 percentage point

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Business Information

	For the six months ended 30 June		Change
	2015	2014	
Cement and Ready-mixed Concrete			
Segment			
Sales volume of cement (in million tonnes)	17.1	18.4	-6.9%
Sales volume of concrete (in million cubic metres)	5.2	5.6	-6.5%
Modern Building Materials and Commerce and Logistics Segment			
Refractory materials (in thousand tonnes)	99.7	94.7	5.3%
Property Development Segment			
Booked GFA (in thousand sq.m.)	398.1	782.2	-49.1%
Contracted sales GFA (in thousand sq.m.)	357.9	660.3	-45.8%
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	749.0	760.8	-1.6%

During the Reporting Period, in face of the complicated market environment and the economy's huge downtrend pressure, the Company was steadfast to the fundamental working principle of achieving progress while maintaining stability. With a focus on improving the quality and efficiency of economic development, the Company took a proactive stance in adapting to the new normal and faced challenges head-on. Determined and confident to propel its development, the Company was unrelenting in its will and target to strengthen, expand and consolidate the industry. By ways including effective arrangements of production operations, great emphasis on development quality and furtherance of the essence of development, the Company delivered sound performance in major economic indicators as well as key business tasks, not only sustaining the Company's stable and positive development momentum, but also keeping itself as one of the industry leaders as demonstrated by key economic indicators.

MANAGEMENT DISCUSSION AND ANALYSIS

Nevertheless, under a string of factors including China's slowing macro-economy, weakening investment growth, sluggish market demand, harsher resource and environmental constraints and rising production costs including staff costs, the sales and price of construction materials including cement remained depressed, commerce business scales contracted owing to risk prevention initiatives, and key economic indicators of the Company for the Reporting Period recorded a year-on-year decrease. Operating revenue amounted to RMB18,056.3 million, among which operating revenue from principal business amounted to RMB17,816.9 million, a year-on-year decrease of 12.4%; total profit amounted to RMB1,524.7 million, a year-on-year decrease of 26.9%; net profit amounted to RMB1,021.6 million, a year-on-year decrease of 32.6%, and net profit attributable to the shareholders of the parent company amounted to RMB1,047.7 million, a year-on-year decrease of 24.1%.

Analysis of the Operation of Business Segments

(I) Cement and Ready-Mixed Concrete Segment

The segment continued to enhance its industrial layout, extend its industrial chain, enrich the essence of the "grand cross-shape" (大十字) strategy of the Company's cement and ready-mixed concrete segment, and steadily pressed ahead with the construction of building material bases in southern, central and northern Hebei Province, so as to constantly consolidate and expand its influence over regional markets. Facing mounting challenges posed by regional overcapacity, sluggish market demand and extremely harsh resource and environmental constraints, the Company pursued a development path with production cost reduction as the focus. The Company accelerated the upgrade of its sales and marketing platform, continued to improve its service standards, in an aim to gain a competitive edge based on high quality and market differentiation. Enterprise transformation and upgrading were pushed forward to strengthen the development advantage of circular economy and eco-friendly businesses. Central tendering and procurement resulted in effective control and reduction of procurement cost. In addition, the Company stepped up its efforts in making technological innovations and enhanced the operation standards of its equipment. As one of the leaders in the regional market in terms of operating results, the Company also speeded up its extension of industrial chain to lay foundation for new areas of profit growth in the future while tightening its management of accounts receivable to reduce the enterprise's operating risks to a minimum.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the cement and ready-mixed concrete segment recorded revenue from its principal business of RMB5,144.1 million, a year-on-year decrease of 11.2%, with gross profit from its principal business of RMB676.7 million, a year-on-year decrease of 32.2%. The consolidated sales volume of cement and clinker amounted to 17.1 million tonnes, a year-on-year decrease of 6.9%, among which cement sales volume was 13.7 million tonnes and clinker sales volume was 3.4 million tonnes, while the aggregate gross profit margin for cement and clinker was 10.8%, a year-on-year decrease of 5.1 percentage points. Total sales volume of concrete amounted to 5.2 million cubic metres, a year-on-year decrease of 6.5%, while the gross profit margin for concrete was 10.6%, a year-on-year decrease of 1.1 percentage points. The sales volume of aggregate was 2.6 million tonnes, a year-on-year decrease of 25.0%, while mortar sales volume was 415,100 tonnes, a year-on-year increase of 16.9%.

(II) Modern Building Materials and Commerce and Logistics Segment

Following 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 extending its market reach to regional areas. With emphasis placed on consolidating the development foundation, improving internal control standards and enhancing profitability, the Company carried out in-depth diagnosis of the enterprise and delivered improvements in production and operation conditions as well as the quality of economic operations. The Company also innovated its way of operation, formulating a preliminary operating model with bulk materials business, agent service and international trading as its core businesses. Attention was paid to risk control and management in order to sustain the stable development of the commerce and logistics business.

During the Reporting Period, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of RMB5,124.5 million, a year-on-year decrease of 11.8%, while the gross profit from its principal business amounted to RMB508.4 million, a year-on-year increase of 2.9%.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) Property Development Segment

Adhering to the adjustment to “two structures” (兩個結構) and the guideline of “accelerating cash flow” (好水快流), the Company succeeded in capturing market opportunities in a timely fashion, adjusted its sales strategy, regulated its control and management system and scheduled project construction in a rational manner, thereby remarkably enhancing the operating efficiency and profitability of projects, in addition to exploring and attempting to extend and upgrade its service segment. During the Reporting Period, the Company succeeded in capturing the recovering market and adjusting its sales strategy dynamically, witnessed by hugely popular demands for numerous projects in Beijing, Tianjin, Chongqing and Nanjing, which further promoted the brand value, market reputation and industrial influence of BBMG’s property development segment.

During the Reporting Period, the property development segment recorded operating revenue from its principal business of RMB6,493.9 million, a year-on-year decrease of 18.2%, while the gross profit from its principal business was RMB2,941.0 million, a year-on-year increase of 1.2%. The booked GFA was 398,100 sq.m, a year-on-year decrease of 49.1%, among which booked GFA of commodity housing amounted to 366,400 sq.m, a year-on-year increase of 4.9%, and booked GFA of affordable housing amounted to 31,700 sq.m, a year-on-year decrease of 92.7%. Aggregated contracted sales area was 357,900 sq.m, a year-on-year decrease of 45.8%, among which contracted sales area for commodity housing amounted to 315,000 sq.m, a year-on-year decrease of 41.7%, and contracted sales area for affordable housing amounted to 42,900 sq.m, a year-on-year decrease of 64.3%. As at the end of the Reporting Period, the Company had total land reserve of 6,249,400 sq.m.

(IV) Property Investment and Management Segment

With the focus on further enhancing operations, innovating services, furthering integration and strengthening management, the real estate segment maintained steady and orderly development, while the service quality and income levels of high-end commercial real estate projects such as office buildings have steadily improved. Meanwhile, business results and market share of business hotels and international apartments improved in tandem. Community property management standards improved, and there was steady and orderly progress in work like integration of industrial and real estate resources and handover of personnel. The integrated service capabilities of real estate business continued to improve while the transformation of assets continued to escalate and the return on assets continued to improve, further demonstrating the brand effect.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the property investment and management segment recorded operating revenue from its principal business of RMB1,264.0 million, a year-on-year increase of 14.5%, and gross profit from its principal business of RMB820.1 million, a year-on-year increase of 21.6%. As at the end of the Reporting Period, the Company had investment properties with a total area of 749,000 sq.m. in the core districts of Beijing, with consolidated average occupancy rate of 91.4% and consolidated average rental unit price of RMB7.69/sq.m./day.

Investment properties held by the Group as at 30 June 2015

	Location	Usage	Property		Rental	Average	Unit
			Gross Area (thousand sq.m.)	Fair Value (RMB million)	Unit Price (RMB/day)	Occupancy Rate	Fair Value (RMB/sq.m.)
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	120.5	2,837.7	11.24	93%	23,540
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	172.1	2,942.5	7.44	94%	17,099
Phase 3 of Global Trade Centre (Ground Floor Commercial)	North Third Ring Road, Beijing	Retail	71.7	1,078.2	7.34	97%	15,044
Tengda Plaza	West Second Ring Road, Beijing	Commercial	84.3	1,474.9	8.88	97%	17,504
Jin Yu Building	West Second Ring Road, Beijing	Commercial	44.8	964.1	8.22	98%	21,502
Jianda Building and Jiancai Jingmao Building	East Second Ring Road, Beijing	Commercial	59.3	1,218.1	4.98	98%	20,523
Dacheng Building	West Second Ring Road, Beijing	Commercial	42.8	882.3	9.42	90%	20,637
	Sub-total		595.5	11,397.8			
Other properties	Beijing Municipality	Commercial and retail	153.5	2,914.6			
	Total		749.0	14,312.4			19,109

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Income Statement and Cash Flows Items

1. Gains from changes in fair value of investment properties

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

No depreciation or amortisation of investment properties is made by the Company. The book value of investment properties is adjusted based on their fair value at the balance sheet date. The difference between the fair value and the original book value is recognised in the profit or loss for the current period.

During the Reporting Period, the gains from changes in fair value of investment properties of the Company were RMB260.6 million, accounting for 17.1% of the profit before tax. The year-on-year decrease of gains from changes in fair value of investment properties of 2.4% during the Reporting Period was mainly due to a downward adjustment to the gains from changes in fair value of the investment properties by the valuer as a result of a year-on-year slowdown in rental growth of investment properties in the open market during the Reporting Period.

2. Selling expenses, administrative expenses and finance cost

During the Reporting Period, the expenses incurred by the Group remained basically stable and saw a year-on-year growth due to business expansion.

- (1) Selling expenses were RMB703.9 million in the first half of 2015, an increase of RMB16.6 million year-on-year. Such increase was mainly attributable to a year-on-year increase in employee remuneration and advertisement expenses.
- (2) Administrative expenses were RMB1,466.0 million in the first half of 2015, an increase of RMB12.9 million year-on-year. Such increase was mainly attributable to a year-on-year increase in losses from suspension of production and depreciation and amortisation expenses.
- (3) Finance costs were RMB684.2 million in the first half of 2015, an increase of RMB90.8 million year-on-year. Such increase was mainly attributable to a year-on-year increase in interest expenses from bonds payable.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Cash flows

In the first half of 2015, a net decrease of RMB3,119.9 million in cash and cash equivalents was recognised in consolidated financial statements of the Group, of which net cash inflow generated from operating activities was RMB74.0 million; net cash outflow generated from investment activities was RMB1,067.1 million; net cash outflow generated from financing activities was RMB2,127.6 million; and the effect of changes in exchange rate on cash and cash equivalents increased by RMB0.9 million.

CORE COMPETENCE ANALYSIS

The Company is one of the 12 large cement enterprises receiving key support from the Central Government, and the biggest cement and concrete manufacturer and supplier in the region covering Beijing, Tianjin and Hebei Province. Benefiting from the unique geographical advantages of Beijing, Tianjin and Hebei Province, the national strategy of synergetic integrated development of Beijing, Tianjin and Hebei Province and the planning layout of synchronous development of Beijing and Tianjin, the Company has developed notable edges in regional scale and market dominance, and has become a leading 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 relatively low-cost land reserve for property development in first-tier cities and abundant industrial land reserve. A leading supplier of green, eco-friendly and energy-saving building materials in the Pan Bohai region, the Company is also 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 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 has extended its industrial chain upward and downward and has expanded toward property development. While focusing on business collaboration and high-end development, the Company has developed toward modern service sectors, including

MANAGEMENT DISCUSSION AND ANALYSIS

modern property management services and financial services. The Company has also evolved its edge in modern service sectors through “Jingmaotong” (京貿通), the first foreign trade comprehensive services integrated platform in Beijing. The overall advantage stands out with prominent inter-segment 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 areas for economic growth and strengthens the momentum of industrial development for the Company. The Company obtained approval to establish a science association and an academic expert service centre. The Company’s technology centre passed the re-evaluation for state-level enterprise technology centre 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 “industry, academia, research and application” with tertiary institutes and scientific research institutions including Peking University, Beijing University of Technology and University of Science & Technology Beijing. In addition, the Company established and improved the system of dispatching chief technology officer, realising the localisation, regionalisation, and normalisation 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.

During the Reporting Period, the Company’s technology investment increased by 13.3% year-on-year to more than RMB300 million. In addition, the launch of “Management Measures for R&D Projects” has set the procedural standards for R&D projects and strengthened the refined management of the entire procedure of R&D projects. BBMG established the Dachang Industrial Park Branch of BBMG Academia Sinica and continued to improve the service capability for enterprises in the park. The Company also collaborated with the National Academy of Sciences Service (國家院士服務中心) and acquired more than 20 “patented push” website services (「專利推送」網站服務). The Company’s ultra-low energy consumption construction R&D centre has received the approval from the Beijing Municipal Science & Technology Commission, which

MANAGEMENT DISCUSSION AND ANALYSIS

would provide support to the Company's demonstration of its ultra-low energy consumption technical R&D and construction. Furthermore, the Company unveiled its 23 major R&D projects, some of which were able to achieve initial success. The above measures successfully boosted technology innovation and created new conditions for industrial transformation and upgrades as well as an innovation-driven environment.

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 nation's first pilot enterprises 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 nation's first demonstration line of using cement kiln for hazard-free disposal of industrial solid waste, the nation's first production line of applying the synergetic use of cement kiln for the disposal of fly ashes from garbage incineration, and an integrated treatment centre for hazardous waste which is equipped with the nation's most advanced technology and facilities under the most comprehensive system. With the qualification and capacity to dispose of more than 200,000 tonnes of sludge, tens of thousands of tonnes of fly ashes and over 40 types of hazardous waste per year, the Company is in charge of disposal of around 90% of hazardous waste in Beijing. The Company continues to launch 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. These products are environment-friendly, energy-saving and low-carbon with heat-insulation, heat-preservation and fireproof features, boosting the Company's economic and resource usage efficiencies to the greatest possible extent. 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 tribute in the environmental protection field, as well as 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). Subsidiaries

MANAGEMENT DISCUSSION AND ANALYSIS

of the Company including Beijing Cement Plant Co., Ltd., Beijing Liulihe Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd. were among the first batch of enterprises receiving the recognition of “Energy Conservation and Emission Reduction Demonstration Enterprises” in the building material sector.

During the Reporting Period, the technological renovation project of treating sludge through co-processing by cement kilns of Tianjin Zhenxing Cement Co., Ltd., Beijing Liulihe Cement Co., Ltd., and Taihang Qianjing Cement Co., Ltd. was put into trial operation, which marked a breakthrough for the transformation and upgrading of business. The Company’s 40 manufacturing enterprises implemented environmental-protection standards to strengthen the routine inspection of corporate environmental-protection work to ensure that the Company’s cement enterprises in Beijing, Tianjin and Hebei regions could fully meet the new standards for pollutants’ emission as set by the Ministry of Environmental Protection. The Company implemented the “double-control” mechanism for its total energy consumption and intensity of energy consumption, and improved its energy measurement foundation with noticeable achievement in corporate energy-conservation.

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. The finance company 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.

During the Reporting Period, the Company grasped the good timing in the capital market and launched its non-public offering of A Shares to raise no more than RMB5.0 billion, so as to enhance the security of business operation and liquidity of assets and improve the capability for sustainable development. Through strengthened collaboration with financial institutions, the Company issued private placement bonds of RMB4.5 billion, which effectively improved the structure of debt maturity of the Company. The Company further diversified the investment methods for overall development, expanded the financing channels and further strengthened capital protection.

MANAGEMENT DISCUSSION AND ANALYSIS

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 endeavour” (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 RMB33 billion, and “BBMG” has consecutively received the acclaim of “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 achieving the development vision and objectives of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group’s consolidated total assets amounted to RMB117,144.2 million, an increase of 1.3% from the beginning of the Reporting Period, which were financed by total liabilities of RMB81,505.0 million, minority interests of RMB4,110.1 million and total equity attributable to the shareholders of the parent company of RMB31,529.1 million. As at 30 June 2015, total shareholders’ equity amounted to RMB35,639.2 million, a decrease of 1.7% from the beginning of the Reporting Period. As at 30 June 2015, the Group’s net current assets were RMB13,908.4 million, a decrease of RMB1,596.7 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 69.6%, an increase of 0.9 percentage point from the beginning of the Reporting Period.

As at 30 June 2015, the Group’s cash and bank balances amounted to RMB8,210.7 million, a decrease of RMB2,769.5 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, short-term financing bonds, private placement bonds, corporate bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2015, the Group’s interest-bearing bank borrowings amounted to RMB23,468.6 million (as at 31 December 2014: RMB21,728.6 million) and bore fixed interest rates

MANAGEMENT DISCUSSION AND ANALYSIS

and were all denominated in Renminbi. Of these borrowings, approximately RMB19,704.6 million interest-bearing bank borrowings were due for repayment within one year, an increase of approximately RMB4,755.6 million from the beginning of the Reporting Period. Approximately RMB3,764.0 million interest-bearing bank borrowings were due for repayment after one year, a decrease of approximately RMB3,015.5 million from the beginning of the Reporting Period.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. The Company has sufficient capital for its operation. As at 30 June 2015, the Group has no future plans for material investments or capital assets.

USE OF PROCEEDS FROM THE 2013 PROPOSED PLACING

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

Gross proceeds raised from the 2013 Proposed Placing were approximately RMB2,795 million. Based on the estimation of all applicable costs and expenses in association with the 2013 Proposed Placing, the net proceeds from the 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 adjusted from RMB2,538.1 million to RMB1,294.1 million, and the Company used RMB900.0 million of the net proceeds from the 2013 Proposed Placing to fund the Furniture Project, with the remaining net proceeds from the 2013 Proposed Placing of approximately RMB895.2 million used for the Group’s working capital purposes (the “**Proposed Change of Proceeds**”). Pursuant to the relevant PRC laws, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Proposed Change of Proceeds was proposed at the 2014 annual general meeting held on 27 May 2015 and was considered and approved by the shareholders of the Company (the “**Shareholders**”).

MANAGEMENT DISCUSSION AND ANALYSIS

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 2013 Proposed Placing to be used according to the original plan	Proposed Change of Proceeds	Actual use of proceeds from the 2013 Proposed Placing up to 30 June 2015
1.	Engineering project of BBMG international logistics park	1,369.4	1,369.4	979.5	979.5	248.0
2.	Furniture Project with an annual production capacity of 0.8 million pieces of furniture	2,538.1	1,294.1	1,795.2	900.0	277.0
3.	Proceeds not yet utilized (amount in the designated account for proceeds from the 2013 Proposed Placing)	–	–	–	–	49.7
4.	Temporary replenishment of working capital (Note)	–	–	–	–	2,200.0
5.	Permanent replenishment of working capital	–	–	–	895.2	–
Total		3,907.5	2,663.5	2,774.7	2,774.7	2,774.7

Note: The term of use for the RMB2,200.0 million from the idle proceeds from the 2013 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, being 14 April 2015, upon expiry of which the monies shall be returned to the designated account for proceeds from the 2013 Proposed Placing.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

	As at 30 June 2015 (Unaudited)	Unit: RMB As at 31 December 2014 (Audited)
Acquisition or construction of fixed assets which is contracted but not completed	229,604,921.93	135,966,972.58
Property development contracts which are contracted and being executed or will be executed	7,016,443,166.10	7,638,005,516.15
Equity acquisition contracts which are approved but not executed	-	245,668,600.00
	7,246,048,088.03	8,019,641,088.73

The significant commitments made by the Group as at 31 December 2014 have been duly performed as previously undertaken.

CONTINGENCIES

	As at 30 June 2015 (Unaudited)	Unit: RMB As at 31 December 2014 (Audited)
Provision of guarantee to third parties (Note)	6,636,364,643.46	6,229,968,642.05

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

As at 30 June 2015, the Group had 34,693 employees in total (as at 31 December 2014: 28,753). The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to PRC laws and regulations. The Group pays salaries to its employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operates its business in the PRC. During the Reporting Period, sales proceeds and procurement expenses of the Group were mainly denominated in RMB. Most of the Group's financial instruments such as accounts and bills receivables, cash and bank balances are denominated in the same currency or a currency that is pegged to the functional currency of the operations to which the transactions are related. Accordingly, it is believed that the Group has minimal foreign 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 material challenges to the Group or have any significant effects on its operations or working capital during the year. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

PLEDGE OF ASSETS

As at 30 June 2015, certain of the Group's bills receivable, inventories, fixed assets and investment properties amounting to approximately RMB7,358.2 million (as at 31 December 2014: RMB8,935.3 million) were pledged to secure loans of the Group, which accounted for approximately 6.3% of the total assets of the Group (as at 31 December 2014: 7.7%).

TREASURY POLICIES

The Group adopts conservative treasury policies, controls tightly over its cash and carries out risk management in a stringent manner. The Group's cash and bank balances are held mainly in RMB. Surplus cash is generally placed in short-term deposits denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

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

PROPOSED ISSUE AND PLACING OF A SHARES AND CONNECTED TRANSACTION (PROPOSED SUBSCRIPTION OF A SHARES BY BBMG Group)

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

The Board believes that the completion of the 2015 Proposed Placing will assist the Group in its development of property development projects and enhance the Group’s competitiveness in its core businesses, which would overall improve its business structure, financial conditions, results of operation, profit generation, cash inflows from operating activities, debt ratio and capital structure by laying a healthy, stable and solid development foundation, which are in the best interests of the Company and its Shareholders as a whole. In addition, the subscription by BBMG Group also demonstrates the confidence the BBMG Group places in the Company and its support to the development of the Company’s business, which is conducive to enhancing the market image of the Company.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

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

OTHER INFORMATION

Substantial Shareholder's and Other Person's Interests in Shares

As at 30 June 2015, the total issued share capital of the Company was 4,784,640,284 shares, of which 3,615,257,849 were A shares and 1,169,382,435 were H shares and to the best knowledge of the directors of the Company (the "Directors"), the records of interest (being 5% or more of the Company's issued share capital) as registered in the register kept by the Company under section 336 of the Securities and Futures Ordinance (the "SFO") were as follows:

Long Positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
A Shares	BBMG Group	Beneficial owner	2,292,881,099	63.42	47.92
	Beijing State-owned Capital Operation and Management Center (Note)	Held by controlled corporation	2,292,881,099	63.92	47.92
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (Note)	Held by controlled corporation	2,292,881,099	63.92	47.92
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	141,097,966	12.07	2.95
H Shares	FMR LLC	Investment manager	118,246,312	10.11	2.47
H Shares	JPMorgan Chase & Co.	Beneficial owner	13,607,025	1.16	0.28
		Investment manager	13,596,500	1.16	0.28
H Shares	Sloane Robinson LLP	Investment manager	70,497,000	6.03	1.47
H Shares	UBS Group AG	Person having a security interest in shares	39,656,944	3.39	0.83
		Interest of corporation controlled by the substantial shareholder	29,125,046	2.49	0.61

Note: BBMG Group is a wholly-owned subsidiary of 北京國有資本經營管理中心 (Beijing State-owned Capital Operation and Management Center) (the "Center"). The Center is a collectively-owned enterprise established under the laws of the PRC with registered capital fully paid up by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

OTHER INFORMATION

Lending pool:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
H Shares	JPMorgan Chase & Co.	Custodian-corporation/ approved lending agent	43,581,277	3.73	0.91

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 the issued share capital (%)	Percentage of total issued share capital (%)
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	7,548,000	0.65	0.16
H Shares	UBS Group AG	Interest of corporation controlled by the substantial shareholder	2,694,561	0.23	0.06
H Shares	JPMorgan Chase & Co.	Beneficial owner	937,000	0.08	0.02

Save as disclosed above, as at 30 June 2015, 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 recorded in the register required to be kept under section 336 of the SFO.

OTHER INFORMATION

Interests and Short Positions of Directors, Supervisors and Chief Executives in Shares and Underlying Shares

As at 30 June 2014, none of the Directors, supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 of the Laws of Hong Kong), that was required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were 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 were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Update on Information of Directors and Supervisors under Rule 13.51B (1) of the Listing Rules

- (1) Mr. Jiang Weiping has resigned as the chairman of the Board, an executive Director of the Company and the chairman of the Strategic Committee with effect from 1 July 2015 due to retirement.
- (2) Mr. Jiang Deyi, the president and an executive Director of the Company has been appointed by the Board as the chairman of the Board and the Strategic Committee with effect from 1 July 2015.
- (3) At the first extraordinary general meeting in 2015 held by the Company on 12 August 2015, Mr. Zhang Jianli has been elected as an executive Director of the Company with effect from 12 August 2015.
- (4) On 2 September 2015, Mr. Wang Hongjun has resigned as an executive Director of the Company, the chief financial officer and a member of the Strategic Committee with effect from 2 September 2015 due to work re-designation.

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the model code for securities transactions by the Directors, supervisors and relevant employees on terms no less exacting than the required trading standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange Limited (the “**Listing Rules**”) (the “**Required Standard**”). Relevant employees who are likely to be in possession of unpublished price sensitive information of the Company in relation to the purchase and sale of the securities of the Company are also required to comply with the Required Standard.

OTHER INFORMATION

As at 30 June 2015, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Required Standard during the six months ended 30 June 2015. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Required Standard during the Reporting Period.

Purchase, Sales or Redemption of The Company's Listed Securities

The Group did not sell any securities of the Company, nor did it repurchase or redeem any of the securities of the Company during the six months ended 30 June 2015.

Corporate Governance Code

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate administration. The Board continuously observes the principles of good corporate governance in the interests of shareholders and devotes considerable effort identifying and formalizing best practice. The Board is of the opinion that, for the six months ended 30 June 2015, the Company had complied with all the applicable code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

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

Investor Relations Management

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the Reporting Period, the Group has been actively maintaining contact with investors and keeping them abreast of the latest industry updates, corporate communications and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. The Board Secretary, Wu Xiangyong, is responsible for the investor relations of the Group with the full support from the Board and the senior management. During the six months ended 30 June 2015, the Group actively participated in various investor relations activities and provided real-time information to investors through its company website.

OTHER INFORMATION

1. Investor Forums and Conferences

During the six months ended 30 June 2015, the Group attended a number of investor forums, roadshows and presentations held by renowned investment and securities firms in the PRC and Hong Kong, and actively organized one-on-one and group meetings with various fund managers and analysts. During the Reporting Period, the Group has met with various analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group.

2. Ongoing Communications with Shareholders, Investors and Analysts

The Group has adopted an active and progressive approach to provide the shareholders and investors of the Group with the opportunity to communicate with the senior management of the Group through one-on-one and group meetings and luncheons to share with them the financial performance, business updates and future prospects of the Group.

3. Results Announcement

The Group had prepared detailed result reports upon finalization of interim and annual results of the Group. Investors' presentations and press conferences were also held to provide updates in relation to the market environment, financial performance, operating strategies and future prospects to the public in an accurate and effective manner, so as to maintain the Group's transparent investor relations strategy and strengthen the communications with the public.

4. Maintaining Interactive Communications with Media

The Group endeavors to maintain a close relationship with the overseas and local media, and disseminate the Group's updates to the public through various channels, ranging from organizing press conferences for interim and annual results announcements, issuing regular press releases, and arranging media interviews with the management of the Group, and thus increasing the Group's publicity and further strengthening its corporate image and position.

5. Timely Dissemination of Latest Corporate Updates

Company website is considered to be one of the quickest means to communicate with investors. Information was disseminated through the Company's website www.bbm.com.cn/listco as the platform to communicate with the public. The Group regularly updates the website contents, disseminates the latest corporate updates and developments and discloses financial information of the Group so as to enable the public to obtain such information in a timely manner. In addition, the Group also swiftly responds to different enquiries made by the shareholders, investors, analysts and media by means of email, facsimile and telephone; and publishes announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

OTHER INFORMATION

Investor Information

1. Share Particulars

H Shares

Listing date	29 July 2009
Stock Exchange	Hong Kong Stock Exchange
Board lot	500 Shares
Number of issued H Shares	1,169,382,435 shares (as at 30 June 2015)
Stock code	02009.HK

A Shares

Listing date	1 March 2011
Stock Exchange	Shanghai Stock Exchange
Board lot	100 Shares
Number of issued A Shares	3,615,257,849 shares (as at 30 June 2015)
Stock code	601992

2. Financial Calendar

2014 annual results announcement	published on 26 March 2015
2015 first quarterly results announcement	published on 22 April 2015
2015 interim results announcement	published on 27 August 2015
2014 annual general meeting	held on 27 May 2015
Closure of register of H shares members to determine the eligibility to attend the 2014 annual general meeting	28 April 2015 – 27 May 2015
Financial year end	31 December

3. Dividends

2014 final dividends	RMB0.05 per share (before tax) (or equivalent to HK\$0.0634 per share for H Shares)
Closure of register of H shares members to determine the eligibility to the 2014 final dividends entitlement	4 June 2015 – 8 June 2015
Payment of 2014 final dividends of H Shares	10 July 2015

OTHER INFORMATION

For any queries, please contact:

BBMG Corporation
Room 2220
22nd Floor, Tower D Global Trade Center
No. 36 North Third Ring East Road
Dongcheng District 100013
Beijing
The People's Republic of China

Investor Relations Department
Phone: (8610) 6641 7706
Fax: (8610) 6641 0889
Email: ir@bbmg.com.cn
Company website: www.bbmg.com.cn/listco

Audit Committee

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of one non-executive Director and four independent non-executive Directors. At the meeting convened on 27 August 2015, the Audit Committee reviewed the unaudited interim consolidated financial statements for the six months ended 30 June 2015. The Audit Committee reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2015 and recommended their adoption by the Board.

As at 27 August 2015, members of the Audit Committee were Mr. Zhang Chengfu (independent non-executive Director), Mr. Yu Kaijun (non-executive Director), Mr. Xu Yongmo (independent non-executive Director), Mr. Yip Wai Ming (independent non-executive Director) and Mr. Wang Guangjin (independent non-executive Director). Mr. Zhang Chengfu is the chairman of the Audit Committee.

Auditors

The Board has engaged Ernst & Young Hua Ming, Certified Public Accountants, to review the interim financial statements of the Company.

Report on Review of Interim Financial Statements



Ernst & Young Hua Ming (2015) Zhuan Zi No. 60667053_A201

To the shareholders of BBMG Corporation:

We have reviewed the accompanying financial statements of BBMG Corporation, which comprise the consolidated and company balance sheets as at 30 June 2015, and the consolidated and company income statements, the consolidated and company statements of changes in equity and statements of cash flows for the six-month period then ended, and notes to the financial statements (collectively as the “**Interim Financial Statements**”). The management of BBMG Corporation is responsible for the preparation of the Interim Financial Statements. Our responsibility is to issue a report on the Interim Financial Statements based on our review.

We conducted our review in accordance with Standard on Review Engagements for CPAs of China No. 2101 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review consists primarily of inquiries of the company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express any audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and cannot present fairly, in all material respects, BBMG Corporation’s financial position, operating performance and cash flows.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: **Meng Dong**

Chinese Certified Public Accountant: **Ma Yue**

Beijing, the PRC

27 August 2015

Unaudited Interim Consolidated Balance Sheet

	Note V	As at 30 June 2015 RMB (Unaudited)	As at 31 December 2014 RMB (Audited)
Assets			
Current assets			
Cash and bank balances	1	8,210,654,264.74	10,980,171,602.68
Bills receivable	2	2,027,447,550.03	2,651,027,709.78
Accounts receivable	3	6,293,431,481.03	5,404,832,534.14
Advances to suppliers	4	3,266,730,236.77	3,526,981,050.00
Interests receivable	5	2,641,275.74	2,641,275.74
Dividends receivable	6	3,041,000.00	2,190,000.00
Other receivables	7	2,650,370,961.97	1,875,875,683.44
Inventories	8	51,119,829,465.30	48,853,159,420.39
Other current assets	9	1,952,788,609.06	1,721,926,542.06
Total current assets		75,526,934,844.64	75,018,805,818.23
Non-current assets			
Available-for-sale financial assets	10	1,105,113,250.00	1,105,113,250.00
Long-term equity investments	11	300,096,004.92	313,866,323.17
Investment properties	12	14,312,421,009.38	14,051,809,039.03
Fixed assets	13	18,168,526,155.04	18,021,194,232.60
Construction in progress	14	1,251,891,887.72	834,891,670.62
Construction materials	15	13,891,048.34	10,744,028.39
Intangible assets	16	4,061,027,805.92	3,977,201,603.72
Goodwill	17	261,109,608.57	261,109,608.57
Long-term deferred expenditures	18	279,451,979.78	289,777,104.17
Deferred income tax assets	19	1,440,157,407.15	1,400,919,003.46
Other non-current assets	20	423,548,035.34	399,538,994.71
Total non-current assets		41,617,234,192.16	40,666,164,858.44
Total assets		117,144,169,036.80	115,684,970,676.67

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Consolidated Balance Sheet (continued)

	Note V	As at 30 June 2015 RMB (Unaudited)	As at 31 December 2014 RMB (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	22	14,644,489,810.68	11,635,636,481.02
Bills payable	23	326,891,000.00	237,215,529.94
Accounts payable	24	8,792,444,870.56	9,297,548,205.02
Receipts in advance	25	16,194,860,365.20	16,529,668,285.63
Wages payable	26	116,826,024.25	124,579,259.90
Tax payable	27	442,402,994.17	819,948,626.81
Interests payable	28	602,572,442.93	493,293,223.16
Dividends payable	29	180,539,573.98	55,522,242.70
Other payables	30	4,602,681,182.88	3,078,343,439.23
Short-term financing bonds payable	34	1,000,000,000.00	6,600,000,000.00
Non-current liabilities due within one year	31	9,744,589,048.34	6,116,513,981.62
Other current liabilities	32	4,970,202,188.64	4,525,386,360.91
Total current liabilities		61,618,499,501.63	59,513,655,635.94
Non-current liabilities			
Long-term borrowings	33	3,764,000,000.00	6,779,500,000.00
Bonds payable	34	11,700,000,000.00	9,069,911,156.24
Long-term payables	35	20,730,882.06	22,209,372.56
Long-term wages payable	36	435,450,198.00	444,185,934.00
Accrued liabilities	37	96,948,006.45	101,078,282.54
Deferred income	38	657,572,825.91	641,674,749.80
Deferred income tax liabilities	19	2,610,220,626.77	2,551,167,406.15
Other non-current liabilities	39	601,559,996.42	314,199,998.01
Total non-current liabilities		19,886,482,535.61	19,923,926,899.30
Total liabilities		81,504,982,037.24	79,437,582,535.24

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Consolidated Balance Sheet (continued)

	Note V	As at 30 June 2015 RMB (Unaudited)	As at 31 December 2014 RMB (Audited)
Shareholders' equity			
Share capital	40	4,784,640,284.00	4,784,640,284.00
Capital reserve	41	7,506,667,476.20	7,898,685,039.67
Other comprehensive income	42	234,801,371.21	234,799,933.63
Specific reserve	43	13,296,370.30	7,925,485.30
Surplus reserve	44	828,495,276.27	828,495,276.27
Provision for general risks	45	46,583,550.85	37,637,667.87
Retained earnings	46	<u>18,114,650,029.31</u>	<u>17,315,084,511.06</u>
Total equity attributable to shareholders of the parent company		31,529,134,358.14	31,107,268,197.80
Minority interests		<u>4,110,052,641.42</u>	<u>5,140,119,943.63</u>
Total shareholders' equity		<u>35,639,186,999.56</u>	<u>36,247,388,141.43</u>
Total liabilities and shareholders' equity		<u>117,144,169,036.80</u>	<u>115,684,970,676.67</u>

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

Unaudited Interim Consolidated Income Statement

	Note V	For the six months ended 30 June 2015 RMB (Unaudited)	For the six months ended 30 June 2014 RMB (Unaudited)
Operating revenue	47	18,056,290,640.79	20,637,809,082.36
Less: Operating costs	47	13,107,106,371.02	15,481,691,100.41
Business tax and surcharges	48	1,006,148,156.47	818,114,821.61
Selling expenses	49	703,873,139.55	687,298,907.54
Administrative expenses	50	1,465,997,581.26	1,453,113,406.01
Finance costs	51	684,185,255.43	593,339,737.33
Asset impairment losses	54	25,856,388.20	82,852,045.27
Add: Gains from changes in fair value	52	260,611,970.35	267,100,000.00
Investment income/(losses)	53	(12,579,115.88)	1,780,962.60
Including: Income/(losses) from investment in associates and joint ventures		(12,636,756.41)	1,780,962.60
Operating profit		1,311,156,603.33	1,790,280,026.79
Add: Non-operating income	55	245,682,418.40	315,196,351.34
Including: Gain on disposal of non-current assets		3,344,742.68	2,029,997.10
Less: Non-operating expenses	56	32,141,893.22	18,814,359.90
Including: Loss on disposal of non-current assets		5,322,143.01	2,714,564.15
Total profit	57	1,524,697,128.51	2,086,662,018.23
Less: Income tax expenses	58	503,095,443.62	569,862,168.61
Net profit		1,021,601,684.89	1,516,799,849.62
Net profit attributable to shareholders of the parent company		1,047,743,415.43	1,380,649,065.77
Minority interests		(26,141,730.54)	136,150,783.85

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Consolidated Income Statement (continued)

	Note V	For the six months ended 30 June 2015 RMB (Unaudited)	For the six months ended 30 June 2014 RMB (Unaudited)
Other comprehensive income (net of tax)			
Other comprehensive income (net of tax) attributable to shareholders of the parent company			
Other comprehensive income not allowed to be reclassified into profit or loss in subsequent accounting periods			
Changes arising from re-measurement of net liabilities or net assets of defined benefit plans		—	(20,559,238.00)
Other comprehensive income to be reclassified into profit or loss upon satisfaction of specified conditions in subsequent accounting periods			
Exchange differences on foreign currency translation		1,437.58	(1,194.19)
Net other comprehensive income after deducting income tax effect	42	1,437.58	(20,560,432.19)
Other comprehensive income (net of tax) attributable to minority interests		—	—
Total comprehensive income		1,021,603,122.47	1,496,239,417.43
Including:			
Total comprehensive income attributable to shareholders of the parent company		1,047,744,853.01	1,360,088,633.58
Total comprehensive income attributable to minority interests		(26,141,730.54)	136,150,783.85

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Consolidated Income Statement (continued)

	Note V	For the six months ended 30 June 2015 RMB (Unaudited)	For the six months ended 30 June 2014 RMB (Unaudited)
Earnings per share	59		
Basic earnings per share (RMB/share)		<u>0.22</u>	<u>0.30</u>
Diluted earnings per share (RMB/share)		<u>0.22</u>	<u>0.30</u>

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

RMB	Equity attributable to shareholders of the parent company										Total equity
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Provision for general risks	Retained earnings	Subtotal	Minority interests		
I. Balance at the beginning of the period	4,784,640,284.00	7,898,685,039.67	234,799,933.63	7,925,485.30	828,495,276.27	37,637,667.87	17,315,084,511.06	31,107,268,197.80	5,140,119,943.63	36,247,388,141.43	
II. Movements during the period	-	-	1,437.58	-	-	-	1,047,743,415.43	1,047,744,853.01	(26,141,730.54)	1,021,603,122.47	
(1) Total comprehensive income	-	-	1,437.58	-	-	-	1,047,743,415.43	1,047,744,853.01	(26,141,730.54)	1,021,603,122.47	
(2) Capital contribution and reduction from shareholders	-	-	-	-	-	-	-	-	21,000,000.00	21,000,000.00	
1. Capital contribution from minority interests	-	-	-	-	-	-	-	-	21,000,000.00	21,000,000.00	
2. Capital reduction from minority interests	-	(392,272,663.77)	-	-	-	-	(392,272,663.77)	(392,272,663.77)	(1,107,727,356.23)	(1,500,000,000.00)	
3. Deemed acquisition of minority interests	-	255,100.30	-	-	-	-	255,100.30	255,100.30	(255,100.30)	-	
4. Business combination not under common control	-	-	-	-	-	-	-	-	163,779,066.67	163,779,066.67	
(3) Profit distribution	-	-	-	-	-	-	(239,232,014.20)	(239,232,014.20)	(82,238,365.18)	(321,470,379.38)	
1. Dividend to shareholders	-	-	-	-	-	-	(239,232,014.20)	(239,232,014.20)	(82,238,365.18)	(321,470,379.38)	
2. Appropriation of provision for general risks	-	-	-	-	-	8,945,882.98	(8,945,882.98)	-	-	-	
(4) Specific reserve	-	-	-	9,589,912.52	-	-	-	9,589,912.52	2,631,179.27	12,221,091.79	
1. Appropriated during the period	-	-	-	9,589,912.52	-	-	-	9,589,912.52	2,631,179.27	12,221,091.79	
2. Paid during the period	-	-	-	(4,219,027.52)	-	-	-	(4,219,027.52)	(1,115,015.90)	(5,334,043.42)	
III. Balance at the end of the period	4,784,640,284.00	7,506,667,476.20	234,801,371.21	13,296,370.30	828,495,276.27	46,583,550.85	18,114,650,029.31	31,529,134,358.14	4,110,052,641.42	35,639,186,999.56	

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2014

RMB	Equity attributable to shareholders of the parent company							Minority interests	Total equity	
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Provision for general risks	Retained earnings			Subtotal
I. Balance at the beginning of the period	4,283,737,060.00	5,579,836,540.13	271,080,253.50	13,788,160.64	711,195,322.63	698,454.78	15,419,803,804.11	26,280,139,595.79	3,745,173,447.96	30,025,313,043.75
II. Movements during the period	-	-	(20,560,432.19)	-	-	-	1,380,649,065.77	1,360,088,633.58	136,150,783.85	1,496,239,417.43
(1) Total comprehensive income	-	-	(20,560,432.19)	-	-	-	1,380,649,065.77	1,360,088,633.58	136,150,783.85	1,496,239,417.43
(2) Capital contribution and reduction from shareholders	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from minority interests	-	27,615,014.62	-	-	-	-	-	27,615,014.62	1,554,985.38	29,170,000.00
2. Non-public issuance of shares	500,903,224.00	2,273,832,665.92	-	-	-	-	-	2,774,735,889.92	-	2,774,735,889.92
3. Acquisition of non-controlling interests in subsidiaries	-	31,178.71	-	-	-	-	-	31,178.71	(131,178.71)	(100,000.00)
(3) Profit distribution	-	-	-	-	-	-	(373,201,942.15)	(373,201,942.15)	(23,233,810.59)	(396,435,752.74)
1. Dividend to shareholders	-	-	-	-	-	-	(373,201,942.15)	(373,201,942.15)	(23,233,810.59)	(396,435,752.74)
2. Appropriation of provision for general risks	-	-	-	-	-	24,998,272.45	(24,998,272.45)	-	-	-
(4) Specific reserve	-	-	-	17,601,083.48	-	-	-	17,601,083.48	1,880,526.95	19,481,610.43
1. Appropriated during the period	-	-	-	17,601,083.48	-	-	-	17,601,083.48	1,880,526.95	19,481,610.43
2. Paid during the period	-	-	-	(6,966,200.10)	-	-	-	(6,966,200.10)	(674,381.33)	(7,640,581.43)
III. Balance at the end of the period	4,784,640,284.00	7,881,315,399.38	250,519,821.31	24,423,044.02	711,195,322.63	25,696,727.23	16,402,252,655.28	30,080,043,253.85	3,860,720,373.51	33,940,763,627.36

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Consolidated Statement of Cash Flows

	Note V	For the six months ended 30 June 2015 RMB (Unaudited)	For the six months ended 30 June 2014 RMB (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		18,477,868,557.25	19,927,535,970.88
Refunds of taxes		87,845,469.63	97,603,081.81
Net decrease in deposits placed with the Central Bank		481,753,512.78	–
Cash received from other operating activities	60	488,730,697.57	927,476,599.18
Subtotal of cash inflows from operating activities		19,536,198,237.23	20,952,615,651.87
Cash paid for goods and services		13,902,208,086.60	20,636,168,872.23
Net increase in deposits placed with the Central Bank		–	165,819,397.55
Cash paid to and on behalf of employees		1,760,638,399.38	1,539,423,604.90
Cash paid for all types of taxes		2,069,817,519.35	2,127,860,769.72
Cash paid for other operating activities	60	1,729,583,192.70	1,557,171,099.49
Subtotal of cash outflows from operating activities		19,462,247,198.03	26,026,443,743.89
Net cash flows from operating activities	61(1)	73,951,039.20	(5,073,828,092.02)
II. Cash flows from investing activities			
Cash received from return on investments		340,202.37	1,293,685.98
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		16,697,354.04	98,366,103.34
Cash received from other investing activities	60	93,590,000.00	–
Subtotal of cash inflows from investing activities		110,627,556.41	99,659,789.32
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		956,739,991.04	740,786,673.47
Net cash paid for acquisition of subsidiaries and other business entities	61(2)	196,534,880.00	–
Cash paid relating to other investing activities	60	24,500,000.00	–
Subtotal of cash outflows from investing activities		1,177,774,871.04	740,786,673.47
Net cash flows from investing activities		(1,067,147,314.63)	(641,126,884.15)

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Consolidated Statement of Cash Flows (continued)

	Note V	For the six months ended 30 June 2015 RMB (Unaudited)	For the six months ended 30 June 2014 RMB (Unaudited)
III. Cash flows from financing activities			
Cash received from capital contributions		21,000,000.00	2,808,409,989.92
Including: Cash received by subsidiaries from minority interests		21,000,000.00	29,170,000.00
Cash received from borrowings		7,014,896,037.45	10,064,018,000.00
Cash received from other financing activities	60	4,500,000,000.00	6,924,131,029.99
Subtotal of cash inflows from financing activities		11,535,896,037.45	19,796,559,019.91
Cash paid for repayment of borrowings		6,774,842,707.79	11,351,438,000.00
Cash paid for distribution of dividends or profits or for interest expenses		1,288,656,796.95	854,882,062.89
Including: Dividends and profits paid by subsidiaries to minority interests		10,854,240.19	28,839,788.67
Cash paid for other financing activities	60	5,600,000,000.00	3,370,100,000.00
Subtotal of cash outflows from financing activities		13,663,499,504.74	15,576,420,062.89
Net cash flows from financing activities		(2,127,603,467.29)	4,220,138,957.02
IV. Effect of changes in exchange rate on cash and cash equivalents		944,765.54	(304,561.11)
V. Net decrease in cash and cash equivalents		(3,119,854,977.18)	(1,495,120,580.26)
Add: Cash and cash equivalents at the beginning of the period		6,479,735,571.22	5,866,492,301.67
VI. Cash and cash equivalents at the end of the period	61(3)	3,359,880,594.04	4,371,371,721.41

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Balance Sheet

	Note XV	As at 30 June 2015 RMB (Unaudited)	As at 31 December 2014 RMB (Audited)
Assets			
Current assets			
Cash and bank balances		2,401,715,842.12	3,990,411,184.97
Accounts receivable		531,095.49	531,095.49
Interests receivable		410,604,261.74	297,231,546.37
Dividends receivable		1,147,583,713.45	1,229,423,193.59
Other receivables	1	27,125,196,152.65	26,209,553,076.06
Other current assets		2,595,024.86	2,595,024.86
Total current assets		31,088,226,090.31	31,729,745,121.34
Non-current assets			
Available-for-sale financial assets		500,200,000.00	500,200,000.00
Long-term equity investments	2	24,789,498,896.99	23,561,454,792.85
Investment properties	3	9,159,043,009.38	9,045,893,879.03
Fixed assets		1,389,527,936.94	1,389,520,144.73
Intangible assets		445,322,821.34	452,246,643.94
Deferred income tax assets		104,469,295.44	70,978,020.74
Total non-current assets		36,388,061,960.09	35,020,293,481.29
Total assets		67,476,288,050.40	66,750,038,602.63
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans		13,010,000,000	11,430,000,000.00
Accounts payable		7,883,071.33	7,883,071.33
Advances from customers		100,198,201.58	96,859,820.45
Wages payable		109,430.15	109,430.15
Taxes payable		4,570,786.01	5,751,228.26
Interest payable		534,264,354.18	486,964,793.76
Dividends payable		74,933,414.38	21,300,208.09
Other payables		4,706,224,902.97	4,319,269,438.21
Short-term financing bonds payable		1,000,000,000.00	6,600,000,000.00
Non-current liabilities due within one year		8,386,273,744.80	4,870,000,000.00
Total current liabilities		27,824,457,905.40	27,838,137,990.25

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Balance Sheet (continued)

	As at 30 June 2015 RMB (Unaudited)	As at 31 December 2014 RMB (Audited)
Non-current liabilities		
Long-term loans	3,764,000,000	5,449,000,000.00
Bonds payable	11,500,000,000	8,869,911,156.24
Long-term wages payable	426,954,011.67	435,040,166.97
Deferred income	1,448,621.13	1,048,621.13
Deferred income tax liabilities	<u>1,830,106,515.55</u>	<u>1,801,819,232.96</u>
Total non-current liabilities	<u>17,522,509,148.35</u>	<u>16,556,819,177.30</u>
Total liabilities	<u>45,346,967,053.75</u>	<u>44,394,957,167.55</u>
Shareholders' equity		
Share capital	4,784,640,284.00	4,784,640,284.00
Capital reserve	7,930,110,712.98	7,930,110,712.98
Other comprehensive income	62,510,991.79	62,510,991.79
Surplus reserve	828,495,276.27	828,495,276.27
Retained earnings	<u>8,523,563,731.61</u>	<u>8,749,324,170.04</u>
Total shareholders' equity	<u>22,129,320,996.65</u>	<u>22,355,081,435.08</u>
Total liabilities and shareholders' equity	<u>67,476,288,050.40</u>	<u>66,750,038,602.63</u>

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Income Statement

		For the six months ended 30 June 2015 RMB (Unaudited)	For the six months ended 30 June 2014 RMB (Unaudited)
Operating revenue	4	425,731,974.44	375,107,665.54
Less: Operating costs	4	42,383,293.09	44,725,209.71
Business tax and surcharges		23,686,939.56	20,493,497.81
Selling expenses		13,665,334.47	6,585,219.95
Administrative expenses		96,900,413.77	94,951,412.65
Finance costs		341,173,015.16	292,249,383.38
Asset impairment loss		–	9,113,985.00
Add: Gain from changes in fair value		113,149,130.35	188,366,000.00
Investment income/(losses)	5	(10,243,464.41)	50,490,692.89
Including: Share of income/(losses) of associates and joint ventures		(13,114,464.41)	1,196,489.55
Operating profit		10,828,644.33	145,845,649.93
Add: Non-operating income		2,808,483.33	12,878,210.57
Including: Gain on disposal of non-current assets		103,550.00	–
Less: Non-operating expenses		5,369,544.00	157,506.54
Including: Loss on disposal of non-current assets		–	3,854.00
Total profit		8,267,583.66	158,566,353.96
Less: Income tax expenses		(5,203,992.11)	26,409,383.73
Net profit		13,471,575.77	132,156,970.23

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Income Statement (continued)

	For the six months ended 30 June 2015 RMB (Unaudited)	For the six months ended 30 June 2014 RMB (Unaudited)
Other comprehensive income (net of tax)	—	(20,245,972.00)
Other comprehensive income not allowed to be reclassified into profit or loss in subsequent accounting period		
Changes arising from re-measurement of net liabilities of defined benefit plans	—	(20,245,972.00)
Total comprehensive income	13,471,575.77	111,910,998.23

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Statement of Changes in Equity

For the six months ended 30 June 2015

RMB	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Balance at the beginning of the period	<u>4,784,640,284.00</u>	<u>7,930,110,712.98</u>	<u>62,510,991.79</u>	<u>828,495,276.27</u>	<u>8,749,324,170.04</u>	<u>22,355,081,435.08</u>
II. Movements during the period						
(1) Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,471,575.77</u>	<u>13,471,575.77</u>
(2) Profit distribution						
1. Appropriation of surplus reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2. Dividend to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,232,014.20)</u>	<u>(239,232,014.20)</u>
III. Balance at the end of the period	<u><u>4,784,640,284.00</u></u>	<u><u>7,930,110,712.98</u></u>	<u><u>62,510,991.79</u></u>	<u><u>828,495,276.27</u></u>	<u><u>8,523,563,731.61</u></u>	<u><u>22,129,320,996.65</u></u>

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Statement of Changes in Equity (continued)

For the six months ended 30 June 2014

RMB	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Balance at the beginning of the period	<u>4,283,737,060.00</u>	<u>5,656,278,047.06</u>	<u>97,014,699.79</u>	<u>711,195,322.63</u>	<u>7,858,457,510.52</u>	<u>18,606,682,640.00</u>
II. Movements during the period						
(1) Total comprehensive income	<u>-</u>	<u>-</u>	<u>(20,245,972.00)</u>	<u>-</u>	<u>132,156,970.23</u>	<u>111,910,998.23</u>
(2) Non-public issuance of shares	<u>500,903,224.00</u>	<u>2,273,832,665.92</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,774,735,889.92</u>
(3) Profit distribution						
1. Dividend to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(373,201,942.15)</u>	<u>(373,201,942.15)</u>
(4) Merger of subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,369,018.94</u>	<u>208,369,018.94</u>
III. Balance at the end of the period	<u>4,784,640,284.00</u>	<u>7,930,110,712.98</u>	<u>76,768,727.79</u>	<u>711,195,322.63</u>	<u>7,825,781,557.54</u>	<u>21,328,496,604.94</u>

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Statement of Cash Flows

	Note XV	For the six months ended 30 June 2015 RMB (Unaudited)	For the six months ended 30 June 2014 RMB (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		447,549,005.84	380,364,883.25
Cash received from other operating activities	6	14,394,205,842.86	22,517,771,542.97
Subtotal of cash inflows from operating activities		14,841,754,848.70	22,898,136,426.22
Cash paid for goods and services		17,967,052.06	15,188,622.22
Cash paid to and on behalf of employees		34,579,645.87	37,628,052.02
Cash paid for all types of taxes		74,214,043.31	82,760,809.41
Cash paid for other operating activities	6	15,319,202,614.47	23,796,849,848.12
Subtotal of cash outflows from operating activities		15,445,963,355.71	23,932,427,331.77
Net cash flows from operating activities	7(1)	(604,208,507.01)	(1,034,290,905.55)
II. Cash flows from investing activities			
Cash received from return on investments		34,755,459.12	9,570,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,104,580.00	—
Subtotal of cash inflows from investing activities		41,860,039.12	9,570,000.00
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		33,537,213.64	30,875,159.48
Cash paid for acquisition of investments		299,034,880.00	3,743,151,975.00
Subtotal of cash outflows from investing activities		332,572,093.64	3,774,027,134.48
Net cash flows from investing activities		(290,712,054.52)	(3,764,457,134.48)

The notes on pages 56 to 246 form an integral part of these financial statements.

Unaudited Interim Statement of Cash Flows (continued)

		For the six months ended 30 June 2015	For the six months ended 30 June 2014
	Note XV	RMB (Unaudited)	RMB (Unaudited)
III. Cash flows from financing activities			
Cash received from investments		–	2,779,239,989.92
Cash received from borrowings		7,500,000,000.00	10,443,996,000.00
Cash received from other financing activities	6	4,500,000,000.00	6,924,131,029.99
Subtotal of cash inflows from financing activities		12,000,000,000.00	20,147,367,019.91
Cash paid for repayment of borrowings		5,970,000,000.00	10,685,296,000.00
Cash paid for distribution of dividends and profits or for interest expenses		1,172,908,501.32	710,656,725.90
Cash paid for other financing activities	6	5,600,000,000.00	3,370,000,000.00
Subtotal of cash outflows from financing activities		12,742,908,501.32	14,765,952,725.90
Net cash flows from financing activities		(742,908,501.32)	5,381,414,294.01
IV. Effect of changes in exchange rate on cash and cash equivalents		–	(410,095.18)
V. Net increase in cash and cash equivalents		(1,637,829,062.85)	582,256,158.80
Add: Cash and cash equivalents at the beginning of the period		3,965,411,184.97	1,890,829,405.71
VI. Cash and cash equivalents at the end of the period	7(2)	2,327,582,122.12	2,473,085,564.51

The financial statements have been signed by:

Legal representative:
Jiang Deyi

CFO:
Wang Hongjun

Head of the accounting department:
Hu Juan

The notes on pages 56 to 246 form an integral part of these financial statements.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

I. BASIC INFORMATION OF THE GROUP

BBMG Corporation (the “**Company**”) is a joint stock company with limited liability incorporated in Beijing, the People’s Republic of China and was established on 22 December 2005. The Renminbi-denominated ordinary shares (A shares) and H shares of the Company are listed on the Shanghai Stock Exchange (“**Shanghai Stock Exchange**”) and The Stock Exchange of Hong Kong Limited (“**Stock Exchange of Hong Kong**”), respectively. The Company’s headquarters is located at No. 36, North Third Ring East Road, Dongcheng District, Beijing. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the businesses of manufacture and sale of cement and building materials, real estate development, property investment, and the provision of property management services.

The scope of business of the Company includes: cement, building materials manufacturing, construction and decoration, trade and logistics, tourism services, real estate development and property management.

The Group’s parent and ultimate holding company is Beijing BBMG Group Co., Ltd. (“**BBMG Group**”), a company established in the PRC.

These financial statements were approved by a resolution of the board of directors of the Company on 27 August 2015. In accordance with the Articles of Association of the Company, these financial statements will be proposed to the general meeting for review and approval.

The scope of consolidated financial statements was determined on the basis of control. Refer to Note VI. 2. for changes during the period.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are prepared in accordance with the requirements as stipulated in Accounting Standards for Business Enterprises No. 32 – Interim Financial Statements, and do not contain all the information and disclosed content in the audited financial statements for 2014. Therefore, the interim financial statements shall be read together with the audited financial statements for 2014 which were prepared by the Group according to the 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.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES

1. Statement of compliance with Accounting Standards for Business Enterprises

The interim financial statements are prepared in accordance with the Accounting Standards for Business Enterprises No. 32 – Interim Financial Statements and present fairly and fully the financial position of the Company and the Group as at 30 June 2015 and their financial performance and cash flows for the six months ended 30 June 2015. The accounting policies adopted in the preparation of the interim financial statements are the same as those adopted in the financial statements of last year which were prepared in accordance with the Accounting Standards for Business Enterprises.

2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year. The accounting period for this report is from 1 January 2015 to 30 June 2015.

3. Functional currency

The Group's functional currency and the currency used in preparing these financial statements is Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is RMB yuan.

The subsidiaries, joint ventures and associates of the Group may determine their own functional currencies based on the specific economic environments in their place of business. In the preparation of financial statements, their functional currencies shall be translated into RMB.

4. Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquiring party, while that other entity participating in the combination is a party being acquired. The combination date is the date on which the acquiring party effectively obtains control of the party being acquired.

Assets and liabilities (including the goodwill arising from acquisition of the party being acquired by the ultimate controlling party) that are obtained by the acquirer in a business combination under common control shall be subject to relevant accounting treatment on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted against share premium under capital reserve and the balance of capital reserve transferred in under the old accounting system. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

4. Business combinations *(continued)*

Business combinations not under common control

A business combination not under common control is a business combination in which the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired in a business combination not under common control are measured at their fair values on the acquisition date.

Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference shall be recognised as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, reassessment of the measurement of these items is conducted first, if the sum of the fair value of this consideration and other items mentioned above is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference is recognised in profit or loss for the current period.

For a business combination not under common control achieved in stages, the equity interest in the acquiree before the acquisition date will be remeasured at fair value on the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; previously held equity interests in the acquiree involving other comprehensive income under the equity method will be subject to accounting treatment on the same basis as direct disposal of underlying assets or liabilities by the investee, and other changes in shareholders' equity will be reclassified as profit or loss for the period in which the acquisition date falls, except for net profit or loss, other comprehensive income and profit distribution.

5. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries for the six months ended 30 June 2015. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural entity controlled by the Company, etc.) that is controlled by the Company.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

5. Consolidated financial statements *(continued)*

In preparing consolidated financial statements, subsidiaries adopt the same accounting period and accounting policies as those of the Company. All assets, liabilities, interests, income, fees and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against minority interests.

For subsidiaries acquired through a business combination not under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date on which the Group obtains control and will continue to be consolidated until the date that such control ceases. In preparing consolidated financial statements, adjustments shall be made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through a business combination under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the beginning of the combination period. In preparing consolidated financial statements, adjustments shall be made to related items of prior year's financial statements, as if the reporting entities after the combination had existed from the date when the combining entities first came under control of the ultimate controlling party.

The Group reassesses whether or not it controls an investee if facts or circumstances indicate that there are changes to one or more elements of control.

A change in minority interests, without a loss of control, is accounted for as an equity transaction.

6. Classification of joint arrangements and joint operation

Joint arrangements are divided into joint operation and joint venture. Joint operation refers to a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations of the liabilities relating to the arrangement. Joint venture refers to a joint arrangement whereby the parties that have joint control of the arrangement only have rights to the net assets of the arrangement.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand for payment purposes. Cash equivalents are short-term, highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

8. Foreign currency transactions and translation of financial statements prepared in foreign currencies

The Group translates the amounts of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in their functional currencies by translating the foreign currency amounts at the spot exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates at the balance sheet date. All the resulting exchange differences are taken to profit or loss, except for those relating to foreign currency borrowings specifically for acquisition and construction of assets qualified for capitalisation, which are capitalised in accordance with the principle of capitalisation of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rates prevailing on the date on which the fair values are determined. The resulting exchange differences are recognised in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

For foreign operations, the Group translates their functional currency amounts into Renminbi in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rates at the balance sheet date, and equity items other than “retained earnings” are translated using the spot exchange rates on the transaction dates; revenue and expense items in the income statement are translated using the weighted average exchange rate for the period during which the transactions occur. The resulting exchange differences are recognised as other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is transferred to profit or loss in the period during which the disposal occurs. If the disposal only involves a portion of a particular foreign operation, the calculations will be made on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognises and writes off a financial asset (or part of a financial asset, or part of a group of similar financial assets) from its account and balance sheet when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired; or
- (2) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognised in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period established by regulations or conventions in the marketplace. Trade date is the date that the Group commits to purchase or sell the asset.

Classification and measurement of financial assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge. A financial asset is recognised initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit and loss for the current period; transaction costs relating to financial assets of other categories are included in the amounts initially recognised.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. A financial asset held for trading is a financial asset that meets one of the following conditions: (i) the financial asset is acquired for the purpose of selling in the near term; (ii) the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the entity recently manages this portfolio for the purpose of short-term profit-taking; (iii) the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) the fair value of which cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial assets are recognised in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is credited to profit or loss for the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold them to maturity. Such kind of financial assets are subsequently measured at amortised cost using the effective interest rate method. Gains or losses arising from amortisation or impairment and derecognition are recognised in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such kinds of financial assets are subsequently measured at amortised cost using the effective interest rate method. Gains or losses arising from amortisation or impairment are recognised in profit or loss for the current period.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as any of the other categories at initial recognition. After initial recognition, available-for-sale financial assets are subsequently measured at fair value. The discount/premium is amortised using the effective interest rate method and recognised as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised as other comprehensive income, except that impairment losses and foreign exchange gains or losses from monetary financial assets are recognised as profit or loss for the current period, until the financial asset is derecognised or determined to be impaired, at which time its accumulated gain or loss is transferred to profit or loss for the current period. Interest and dividends relating to an available-for-sale financial asset are recognised in profit or loss for the current period.

Equity instruments without a quoted price from an active market and the fair value of which cannot be reliably measured are carried at cost.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities or derivatives designated as hedging instruments in an effective hedge. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial amounts recognised.

The subsequent measurement of financial liabilities depends on its classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated upon initial recognition at fair value through profit or loss. A financial liability held for trading is a financial liability that meets one of the following conditions: (i) the financial liability is assumed for the purpose of repurchasing in the near term; (ii) the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the entity recently manages this portfolio for the purpose of short-term profit-taking; (iii) the financial liability is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) the fair value of which cannot be reliably measured. For such kinds of financial liabilities, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial liabilities are recognised in profit or loss for the current period.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial liabilities *(continued)*

Other financial liabilities

After initial recognition, such kinds of financial liabilities are subsequently measured at amortised cost by using the effective interest rate method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet to the extent that there is a currently enforceable legal right to offset the recognised amounts and that there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of each financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is made for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the expected future cash flows of the financial asset. Objective evidence that a financial asset is impaired includes: significant financial difficulty of the issuer or obligor; a breach of contract by the obligor, such as a default or delinquency in interest or principal payments; it becoming probable that the obligor will become bankrupt or carry out other financial reorganisations; and observable data indicating that there is a measurable decrease in the estimated future cash flows of the obligor.

Financial assets carried at amortised cost

If impairment on a financial asset has occurred, the carrying amount of the asset is reduced to the present value of the expected future cash flows through a deduction item (excluding future credit losses that have not been incurred). Impairment is recognised in profit or loss for the current period. The present value of the expected future cash flows is discounted at the financial asset's original effective interest rate (i.e. effective interest rate computed on initial recognition) and includes the value of any related collateral. Interest income of the impaired financial assets is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss. Loans and receivables together with any associated provision for impairment are written off when there is no realistic prospect of future recovery and all collaterals have been realised or have been transferred to the Group.

For a financial asset that is individually significant, the asset is individually assessed for impairment, and the amount of impairment is recognised in profit or loss for the current period if there is objective evidence of impairment. For a financial asset that is not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment or is individually assessed for impairment. If no objective evidence of impairment occurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognised is not included in a group of financial assets with similar credit risk characteristics for collective assessment for impairment.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

9. Financial instruments *(continued)*

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

If, subsequent to the Group's recognition of an impairment loss on a financial asset carried at amortised cost, there is objective evidence of a recovery in value of the financial asset and the recovery can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss for the current period. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment loss not been recognised on the date the impairment is reversed.

Available-for-sale financial assets

If there is objective evidence that an available-for-sale asset is impaired, the accumulated losses arising from decline in fair value previously recognised in other comprehensive income are removed and recognised in profit or loss for the current period. The accumulated losses removed from other comprehensive income are the difference between the initial acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss.

Objective evidence that an available-for-sale equity instrument investment is impaired includes a significant or prolong decline in fair value. "Significant" is evaluated against the extent that the fair value is less than the cost, while "prolong" is evaluated by the length of duration when the fair value is less than the cost. Where there is objective evidence that a financial asset is impaired, the transferred cumulative loss is calculated using its acquisition cost less its current fair value and any impairment loss previously recognised in profit or loss. Impairment losses for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. Increase in their fair value after impairment is recognised directly in other comprehensive income.

The determination of what is "significant" and "prolong" requires judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the previously recognised impairment loss was recognised, the previously recognised impairment loss is reversed with the amount of the reversal recognised in profit or loss for the current period.

Financial assets carried at cost

If there is objective evidence that such an asset is impaired, the difference between its carrying amount and the present value of the expected future cash flows which are discounted at the current market rate of return of similar financial assets is recognised as an impairment loss in profit or loss for the current period. Once an impairment loss is recognised, it is not reversed.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

9. Financial instruments *(continued)*

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: (i) if the Group has not retained control, it derecognises the financial asset and recognises any resulting assets or liabilities; (ii) if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

Continuing involvement that takes the form of a financial guarantee over the transferred financial asset is measured at the lower of the carrying amount of the financial asset and the amount of financial guarantee. The amount of financial guarantee refers to the maximum amount of consideration that the Group could be required to repay.

10. Receivables

(1) *Receivables that are individually significant and individually assessed for bad debt provision*

At the balance sheet date, balances of accounts receivable and other receivables greater than RMB10,000,000 individually are considered as significant and are subject to separate impairment assessment. If there is objective evidence that an impairment loss has been incurred, impairment loss is recognised and bad debt provision is made based on the shortfall of the present value of the estimated future cash flows as compared to the carrying amount of the receivable.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

10. Receivables *(continued)*

(2) *Receivables that are assessed for bad debt provision by group of credit risk characteristics*

Except for receivables that are impaired through individual assessment, the Group considers receivables due from governmental institutions, BBMG Group and its affiliates as a group with special credit risk characteristics. According to assessment, the risk of these receivables is low and therefore the Group generally makes no provisions for bad debt for such receivables. As for other receivables, the Group determines the receivable group based on the aging as the credit risk characteristics. The provisions for bad debt of accounts receivable and other receivable are determined based on the aging analysis and the accrual percentages are stated as follows:

	Accounts receivable Percentage of provision (%)	Other receivables Percentage of provision (%)
1 year or less	–	–
1 to 2 years (inclusive)	30	30
2 to 3 years (inclusive)	60	60
3 to 4 years (inclusive)	85	85
4 to 5 years (inclusive)	100	100
More than 5 years	100	100

(3) *Receivables that are not individually significant but individually assessed for bad debt provision*

Receivable that is not individually significant but with objective evidence that an impairment loss may have been incurred is separated from the relevant group and individually assessed for impairment loss. The bad debt provision is made according to the difference between the present value of the estimated future cash flows and the carrying amount of the receivable.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

11. Inventories

Inventories include raw materials, work in progress, finished goods, trading goods, turnover materials, properties under development and completed properties held for sale.

Inventories are initially carried at cost. Except for properties under development and completed properties held for sale, cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortised by using the immediate write-off method. Costs of properties under development and completed properties held for sale consist of land acquisition cost, construction cost, interests capitalised and other direct and indirect development expenses. Cost of properties under development is transferred to cost of completed properties held for sale upon completion of development.

Within the construction cost, public ancillary facilities represent government-approved public ancillary projects, i.e. roads. The relevant costs are recognised under the properties under development, and are accounted for and allotted by cost object and cost item. Land use rights for development purpose are classified as part of properties under development.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist and result in the net realisable value being higher than their carrying amount, the amount of the write-down is reversed to the extent of the amount of the previous provision for the inventories and is recognised in profit or loss.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. The provision for decline in value is made on an individual basis, provided that for inventories with large quantity and lower unit cost, the provision for decline in value is made on a category basis. For inventories related to a series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar, and if it is difficult to measure them by separating them from other items, the provision for decline in value of inventories are made on a combination basis.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

12. Non-current assets classified as held for sale

Save for financial assets, deferred income tax assets and investment properties measured at fair value, the integral part of an entity (or non-current assets) that meets all of the following criteria is classified as held for sale:

- (1) the integral part of an entity (or non-current assets) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such integral part;
- (2) the Group has made a resolution regarding the disposal of the integral part (or non-current assets) and has obtained relevant approval at a general meeting where required;
- (3) a non-revocable transfer agreement has been signed with the transferee;
- (4) the transfer is expected to be completed within one year.

Individual assets and disposal groups that are classified as non-current assets held for sale are neither depreciated nor amortised, and stated at fair value less costs to sell, which shall not exceed the original carrying amount when the criteria of being held for sale are met. The excess of the original carrying amount over the fair value less costs to sell is recognised as impairment loss of the asset in the profit or loss for the current period.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the carrying amount of the absorbing party's share of the owner's equity of the party being absorbed on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted against capital reserve (where the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). Other comprehensive income prior to the date of the merger is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss for the current period upon such disposal, of which the investment which remains long-term equity investment upon the disposal is transferred in proportion, and the investment which is converted into financial instruments upon the disposal is transferred in full. The initial investment cost of the long-term equity investment is the cost of acquisition for a business combination not under common control (for a business combination not under common control achieved in stages, the initial investment cost is measured at the carrying amount of the equity investments in the acquiree before the acquisition date plus the additional investment cost incurred on the acquisition date). The cost of combination includes the assets transferred and the liabilities incurred or assumed by the acquirer, and the fair value of equity securities issued. Other comprehensive income held prior to the date of the acquisition and recognised using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss for the current period upon such disposal, of which the investment which remains long-term equity investment upon the disposal is transferred in proportion, and the investment which is converted into financial instruments upon the disposal is transferred in full. Any change in accumulated fair value of the equity investment held prior to the date of the acquisition included in other comprehensive income as financial instruments are transferred to profit or loss for the current period in full when the cost method is adopted. For a long-term equity investment acquired other than through a business combination, the initial investment cost is determined as follows: (i) if acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; (ii) if acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; (iii) if acquired by exchange of non-monetary assets, the initial investment cost is determined in accordance with Accounting Standards for Business Enterprises No. 7 – Exchange of Non-Monetary Assets.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

13. Long-term equity investments *(continued)*

For a long-term equity investment where the Company can exercise control over the investee, the long-term equity investment is accounted for using the cost method in the Company's separate financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. If investment is increased or withdrawn, the cost of long-term equity investment shall be adjusted. Cash dividends or profit distributions declared by the investee are recognised as investment income for the current period.

The equity method is adopted when the Group holds joint control, or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making of the financial and operating policies of the investee, but without the power to control or jointly control with other parties the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits or losses, except for those from dispensing or selling businesses constituted by assets, based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investing party according to its entitled ratio (but impairment losses for assets arising from internal transactions shall be recognised in full). The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognised to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distributions) and includes the corresponding adjustments in the shareholders' equity.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

13. Long-term equity investments *(continued)*

On disposal of a long-term investment, the difference between the carrying amount of the investment and the sales proceeds actually received is recognised in profit or loss for the current period. For long-term equity investments accounted for using the equity method, where the equity method is no longer adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in full for the current period; where the equity method is still adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee and transferred to profit or loss in proportion for the current period, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in corresponding proportion for the current period.

14. Investment properties

Investment properties are held to earn rentals or for capital appreciation or both. Investment properties include land use right that is leased out, land use right held for transfer upon capital appreciation, and building that is leased out. The Group's investment properties are held for long term purposes and are leased to earn rentals.

An investment property is measured initially at cost. Subsequent costs incurred for an investment property are included in its cost only when the economic benefits associated with the asset will probably flow in and the cost can be measured reliably. Otherwise, subsequent costs are recognised in profit or loss for the period during which they are incurred.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

14. Investment properties *(continued)*

The Group uses the fair value model for subsequent measurement of its investment properties. Fair value changes are included in "Gains from changes in fair value" in the income statement. Reasons for the adoption of the fair value model as the accounting policy for subsequent measurement by the Group are as follows:

- (1) The investment properties are located in places where the property markets are active.

The Group's current investment properties, most of which are commercial properties at developed commercial districts, are primarily located at core districts of Beijing where the property markets are relatively active. The Group is able to obtain market price and other related information of properties of the same category or similar nature. It is practicable for the Group to adopt the fair value model for subsequent measurement of the investment properties.

- (2) The Group is able to obtain market price and other related information of properties of the same category or similar nature from the property markets, by which the Group makes a reasonable estimation of the fair value of its investment properties.

The Group has engaged a valuer with relevant qualifications to make valuation on the fair value of the investment properties of the Group using the income method and with reference to the prices in the open market. The result of such valuation is used as the fair value of the investment properties of the Group.

Key assumptions and major uncertain factors adopted by the Group for the estimation of the fair value of the investment properties of the Group mainly include: assuming the investment properties are traded in the open market and will continue to be used for their existing purposes; there will be no significant changes in the macro-economic policies of the PRC and the social and economic environment, tax policies, credit interest rates and foreign exchange rates in the places where the investment properties are located; and there is no other force majeure and unforeseeable factor that may have a material impact on the Group's operation.

15. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meet the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditures for bringing the asset to working condition for its intended use.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

15. Fixed assets *(continued)*

Except for those fixed assets formed by using production safety fees accrued, depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual values and annual depreciation rates of fixed assets are as follows:

	Useful life	Estimated net residual value	Annual depreciation rate (%)
Buildings	20-35 years	5%	2.71-4.75%
Machinery and equipment	15 years	5%	6.33%
Transportation equipment	8-10 years	5%	9.50-11.88%
Electronic equipment	5 years	5%	19.00%
Office equipment	5 years	5%	19.00%

Different depreciation rates are applied where the components of fixed assets have different useful lives or provide the entity with economics benefits in different patterns.

A fixed asset under finance lease is depreciated according to the same policy as that of a self-owned fixed asset. If it is reasonably certain that ownership of the leased asset can be obtained upon expiry of the lease term, the leased asset is depreciated over its useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its useful life.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at the end of each financial year, and makes adjustments if necessary.

16. Construction in progress

The cost of construction in progress is determined according to the actual expenditure incurred for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that shall be capitalised before the construction gets ready for its intended use and other relevant expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

17. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing. Borrowing costs include interest, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised in profit or loss for the period in which they are incurred. Qualifying assets are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred;
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss for the period during which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any temporary bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.
- (2) where funds are borrowed for a general purpose, the amount of interest to be capitalised on such borrowings is determined by multiplying a weighted average interest rate of the funds borrowed for a general purpose by the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than three months. Borrowing costs incurred during these periods are recognised in profit or loss for the period during which they are incurred until the acquisition, construction or production is resumed.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

18. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination with a fair value that can be measured reliably are recognised separately as intangible assets and measured at fair value.

The useful life of an intangible asset is determined according to the period over which it is estimated to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when the period over which the asset is estimated to generate economic benefits for the Group is uncertain.

The intangible assets of the Group consist of land use rights, mining rights, trademarks and software use right.

Land use rights that are purchased by the Group for purposes other than real estate development are generally accounted for as intangible assets. For buildings such as plants that are developed and constructed by the Group, the relevant land use rights and buildings are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets. Land use rights of the Group are amortised on the straight-line basis over the term stipulated on the certificates of land use rights obtained by the Group.

Costs of mining rights include costs incurred to obtain the mining licence and estimated mine restoration cost. Amortisation is calculated using the production method based on the relevant recoverable mining reserves.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least once at the end of each financial year and makes adjustment if necessary.

Intangible assets with indefinite use life (mainly trademarks) are tested for impairment each year, irrespective of whether there is any indication that the asset may be impaired. An intangible asset with indefinite useful life shall not be amortised, for which the useful life is reassessed in each accounting period. If there is evidence indicating that the useful life of that intangible asset becomes finite, it shall be accounted for by applying the accounting policy for intangible assets with a finite useful life.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

18. Intangible assets *(continued)*

The Group classifies expenditure for an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits, for which, among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred.

19. Impairment of assets

The Group determines the impairment of assets other than inventories, investment properties measured under the fair value model, deferred income tax assets, financial assets and assets classified as held for sale using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and intangible assets with indefinite useful life are tested for impairment at least once at the end of each year, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognised in profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

19. Impairment of assets *(continued)*

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is not possible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset group or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergy of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment test, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, the amount of the impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then by the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

20. Long-term deferred expenditures

Long-term deferred expenditures represent expenditures incurred but should be recognised as expenses over more than one year in the current and subsequent periods, including costs of leasehold improvements, renovation expenses, stripping cost of mines and lease prepayments. A long-term deferred expenditure is amortised using the straight-line method according to the period over which it is estimated to generate economic benefits for the Group.

21. Employee benefits

Employee benefits are all forms of considerations or compensations given by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Group to the spouses, children and dependents of employees as well as families and other beneficiaries of deceased employees are also classified as employee benefits.

Short-term benefits

In the accounting period in which services are rendered by employees, the actual amount of short-term benefits incurred is recognised as liabilities and charged to profit or loss for the current period or cost of underlying assets.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

21. Employee benefits *(continued)*

Post-employment benefits (the defined contribution plan)

The employees of the Group participate in the pension insurance scheme administered by the local government and enterprise annuity, and the corresponding expenses are included in the costs of underlying assets when incurred or recognised in profit or loss for the current period.

Post-employment benefits (the defined benefit plan)

The Group operates a defined benefit pension plan, which provides certain eligible retirees (those having completed retirement procedures before 2007) with supplementary allowance benefits. No capital has been injected into the plan. The benefits cost under the defined benefit plan is calculated using the projected accumulative benefit unit method.

The items to be remeasured as a result of the defined benefit pension plan, which include actuarial gains or losses, movements arising from assets cap (net of amounts included in net interest of liabilities in the defined benefit plan) and return on plan assets (net of amounts included in net interest of liabilities in the defined benefit plan), are all immediately recognised in the balance sheet, and are included in shareholders' equity through other comprehensive income during the period in which they are incurred. They will not be reversed to profit or loss in subsequent periods.

The past service costs are recognised as expenses for the current period when the defined benefit plan is modified or when the Group recognises relevant restructuring costs or termination benefits, whichever occurs earlier.

Net interest is calculated by multiplying net liabilities or net assets of the defined benefit by the discount rate. The Group recognises changes in net liabilities of the defined benefit under finance expenses in the income statement. Service cost includes current service cost, past service cost and gains or losses on settlement; net interest includes interest income on plan assets, interest expenses on plan obligations and interest arising from assets cap.

Termination benefits

Where the Group provides termination benefits to employees, the employee benefits liabilities arising from termination benefits are recognised and accounted for in profit or loss for the current period at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of these termination benefits as a result of termination of employment plan or downsizing proposal, and when the Group recognises restructuring costs involving the payment of termination benefits.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

22. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

23. Revenue

Revenue is recognised only when it is probable that the associated economic benefits will flow to the Group, when the revenue can be measured reliably, and when the following conditions are satisfied.

Revenue from the sales of goods

The Group recognises the revenue from the sales of goods when it has transferred the significant risks and rewards of ownership of the goods to the buyer; and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and the associated costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sales of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair. Where the consideration receivable under contract or agreement is deferred so that the arrangement is in substance of a financing nature, the amount of revenue arising on the sales of goods is measured at the fair value of the consideration receivable.

Revenue from the sales of completed properties is recognised when the significant risks and rewards of property ownership have been transferred to the buyer, i.e., when the properties has been completed and delivered to the buyer pursuant to the sale agreement and the collection of the consideration determined under the purchase and sales contract can be assured reasonably. The deposits and instalments of sold properties and proceeds from presale collected prior to the revenue recognition will be presented under advances from customers in the balance sheet.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

23. Revenue *(continued)*

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognised using the percentage of completion method; otherwise, the revenue is recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; the stage of completion of the transaction can be measured reliably; and the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services based on the proportion of services performed to date to the total services to be performed. The total service revenue on a transaction involving the rendering of services is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair.

When the Group has entered into a contract or agreement with other entities comprising both sales of goods and rendering of services, if the sales of goods component and the rendering of services component can be separately identified and measured, they are accounted for separately; if the sales of goods and the rendering of services cannot be separately identified, or can be separately identified but cannot be separately measured, the contract is treated as sales of goods.

Interest income

It is determined according to the length of period for which the Group's currency fund is used by others and the effective interest rate.

Lease income

Lease income from operating leases is recognised on a straight-line basis over the lease term. Contingent rental income is recognised in profit or loss in the period in which it actually arises.

24. Government grants

Government grants are recognised when all attaching conditions can be complied with and the grant can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value cannot be reliably determined, it is measured at a nominal amount.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

24. Government grants *(continued)*

Government grants shall be recognised as government grants related to assets where long-term assets are built or otherwise developed in accordance with the requirements of government documents. If there are no specific requirements of government documents, judgment shall be exercised based on the basic conditions required for the grants. Government grants shall be recognised as government grants related to assets where the building or otherwise development of long-term assets is considered as the basic condition; otherwise, they shall be recognised as government grants related to income.

A government grant related to income is accounted for as follows: (a) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised; and (b) if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss for the current period. A government grant related to an asset shall be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, a government grant measured at a nominal amount is recognised immediately in profit or loss for the current period.

25. Income tax

Income tax comprises current and deferred income tax. Income tax is recognised as an income tax expense or income in profit or loss for the current period, or otherwise recognised directly in shareholders' equity if it arises from goodwill on a business combination or relates to a transaction or event which is recognised directly in shareholders' equity.

The Group measures a current tax liability or asset arising from the current and prior periods based on the amount of income tax estimated to be paid by the Group or returned by taxation authority calculated in accordance with the requirements of related tax laws.

Deferred income tax is recognised under the balance sheet liability method based on the temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and carrying amounts in respect of items not recognised as assets and liabilities, but the tax bases being determinable under tax law.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

25. Income tax *(continued)*

A deferred income tax asset is recognised for deductible temporary differences, and unused deductible tax losses and tax credits that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilised, except:

- (1) where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss; or
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred income tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised in the future.

At the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is recovered or the liability is settled according to the requirements of tax laws. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred income tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred income tax assets to be utilised. Unrecognised deferred income tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset and the net amount reported if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

26. Maintenance and quality guarantee funds

Maintenance fund is collected on behalf of housing administration authorities from property buyers in a certain proportion to the selling price in accordance with relevant regulations. The fund will be remitted to housing administration authorities upon registration of property ownership. Maintenance fund is accounted for under other payables.

Quality guarantee fund is reserved by a certain percentage of the project payment. The fund will be repaid to the constructor after completion inspection of the properties has been completed, and with no quality issue within the agreed warranty period. The fund is accounted for under accounts payable.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

27. Lease

Leases that transfer substantially all the risks and rewards of ownership of assets are accounted for as finance leases. An operating lease is a lease other than a finance lease.

In the case of being the lessee of an operating lease

Lease payments under an operating lease are recognised by a lessee on a straight-line basis over the lease terms, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rental payments are charged to profit or loss in the period in which they actually arise.

In the case of being the lessor of an operating lease

Rental income under an operating lease is recognised on a straight-line basis over the lease term through profit or loss for the current period. Contingent rental income is credited to profit or loss in the period in which it actually arises.

In the case of being the lessee of a finance lease

An asset held under a finance lease is recognised at the lower of its fair value as at the effective date of lease and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of long-term payables. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognised finance cost, which is amortised using the effective interest rate method during periods over the lease term. Contingent rental payments are charged to profit or loss in the period in which they actually arise.

28. Distribution of profit

Cash dividend of the Company is recognised as a liability upon being approved at the shareholders' general meeting.

29. Production safety cost

Production safety cost appropriated pursuant to regulations is recognised in the cost of the relevant products or in profit or loss for the current period, and also in the specific reserve. The use of production safety cost is accounted for according to whether a fixed asset is formed; The cost incurred through expenditure will be reduced from the specific reserve; The cost incurred for a fixed asset shall be pooled and recognised as a fixed asset when it reaches the working condition for its intended use, meanwhile, an equivalent amount shall be deducted from the specific reserve and recognised as accumulated depreciation.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

30. Fair value measurement

The Group measures its investment properties and derivative financial instruments at fair value at the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group's relevant assets and liabilities are measured at fair value based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At each balance sheet date, for assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

31. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements:

Operating lease – as lessor

The Group has entered into lease contracts on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and inventories

The properties constructed by the Group may be held for sale, earning rental income and/or capital appreciation. The properties are designated as inventories or investment properties according to the intention of holding at the early development stage. During the course of construction, the properties which are intended for sale after their completion are accounted for as inventories – properties under development included in current assets, whereas, the properties which are intended to be held to earn rental income and/or for capital appreciation are accounted for as investment properties under construction included in non-current assets. Upon completion, the properties held for sale are transferred to inventories – completed properties held for sale, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties.

Classification between investment properties and fixed assets

The Group determines whether a property held qualifies as an investment property, and has developed relevant criteria for making the judgment. Properties held to earn rental income or for capital appreciation or both (including buildings under construction or development which are supposed to be used for rental earning) are classified as investment properties. Therefore, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation while the remaining portion is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portion that is held to earn rentals or for capital appreciation separately if such portion can be sold or leased out separately. Otherwise, the property is classified as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The Group's judgment is made on an individual basis when determining whether ancillary services are so significant that a property does not qualify as an investment property.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

31. Significant accounting judgments and estimates *(continued)*

Uncertainty of estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods are discussed below.

Deferred income tax assets

Deferred income tax assets are recognised for all unused deductible tax losses to the extent that it is probable that taxable profit will be available against which the deductible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indication of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indication exists. Other non-current assets other than financial assets are tested for impairment when there is indication that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e. the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in sales agreement or observable market price in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. Estimating the present value of the expected future cash flows requires the management to make an estimation of the expected future cash flows from an asset or asset group and also choose a suitable discount rate in order to calculate the present value of those future cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the expected future cash flows from an asset group or set of asset groups to which the goodwill is allocated. Estimating the present value of the expected future cash flows requires the Group to make an estimation of the expected future cash flows from an asset group or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those future cash flows.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

31. Significant accounting judgments and estimates *(continued)*

Uncertainty of estimation (continued)

Land appreciation tax

The Group is subject to land appreciation tax ("LAT"). The provision for land appreciation tax is based on the management's best estimates according to their understanding of the requirements set forth in the relevant tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the settlement of land appreciation tax. The Group has not finalised the assessment for its land appreciation tax calculations and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences are realised.

Fair value of investment properties

The fair value of investment properties are revalued at the balance sheet date by an independent professional valuer. Such valuations are based on certain assumptions, which are subject to uncertainty and might differ from the actual results. In making the relevant estimation, information from current market rentals for similar properties is considered and assumptions that are mainly based on market conditions existing at the balance sheet date are adopted.

Recognition and allocation of development costs on properties under construction

Development costs of properties are recorded as inventory during the construction stage and will be transferred to the income statement upon the recognition of the sale of the properties. Before the final settlement of the development cost and other costs relating to the development of the properties, the management of the Group is required to make estimation on these costs according to the budgeted cost and the progress of development. When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the costs of such phase. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation are different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

Impairment of accounts receivable and other receivables

The impairment of accounts receivable and other receivables is based on the evaluation of the collectability of the outstanding accounts receivable and other receivables. The management's judgment and estimation are required in the recognition of the impairment of accounts receivable and other receivables. Provisions for impairment will be made where there is objective evidence that such receivables are not collectible. If the actual results or future expectation differ from the original estimate, such differences will affect the carrying amount of accounts receivable and other receivables and bad debt provisions/reversal in the period in which the estimate changes.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES *(continued)*

31. Significant accounting judgments and estimates *(continued)*

Uncertainty of estimation (continued)

Provision for decline in value of inventory

The Group's inventory is measured at the lower of the costs and net realisable value. Net realisable value of inventory is the estimated selling price of inventory less the estimated costs upon completion of production, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. Management's calculation of the net realisable value of inventory involves the estimation on the estimated selling price, the estimated costs upon completion, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. Any changes in such estimates will affect the carrying amount of the inventory and the profit for the subsequent years.

Measurement of defined benefit obligations

Supplementary subsidies and benefits paid to certain retired and early retired employees are recognised as a liability. The amounts of those benefit expenses and liabilities are determined using actuarial valuations conducted by an independent professional actuary who conducts annual assessment of the actuarial position of the Group's retirement plans. The actuarial valuation involves making assumptions on discount rates, pension benefit inflation rates, and other factors. Due to their long term nature, such estimates are subject to uncertainties.

Useful lives and residual values of fixed assets

Fixed assets are depreciated over their estimated useful lives by taking into account of their residual values. The Group regularly reviews the estimated useful lives and residual values of relevant assets to determine the total amount of depreciation which will be included in each reporting period. Useful lives and residual values of assets are determined on the basis of the previous experience from assets of the same category and the expected change of technology. If the past estimates change significantly, the depreciation costs shall be adjusted during future periods.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

IV. TAXATION

(I) Major categories of taxes and respective tax rates

Value-added tax ("VAT"):	The VAT payable is determined as the output VAT calculated based on the taxable revenue at the tax rate of 17% less the deductible input VAT for the current period. For small-scale taxpayers, VAT is levied based on the sales revenue at the tax rate of 3%. For the concrete industry, VAT is levied based on the sales revenue at a simplified tax rate of 6%.
Business tax:	It is levied at 3%, 5% and 20% of the taxable business turnover.
City maintenance and construction tax:	It is levied at 7%, 5% and 1% of net VAT and business tax paid.
Education surcharge:	It is levied at 3% of net VAT and business tax paid.
Property tax:	It is levied based on the values of properties owned or used by the Group at the percentages prescribed by the tax laws. The tax of self-occupied properties is levied according to the values of the properties at an annual tax rate of 1.2%, which is calculated and paid based on the original value of the property less 10% – 30% of that value; the tax of lease out properties is levied according to the rent at an annual tax rate of 12%, which is calculated and paid based on the rental income.
Vehicle and vessel tax:	It is levied by number for passenger vehicles and by tonnage for trucks on vehicles owned or managed by the Group.
Land use tax:	It is levied based on the land areas occupied by the Group for production and operations, at the annual tax amount per sq.m. for the respective land use tax levels prescribed by local governments.
Individual income tax:	Individual income tax is withheld and paid under the tax laws based on salaries and other personal incomes paid to employees of the Group.
Land appreciation tax:	It is levied at four-level excess progressive tax rates ranging from 30% to 60% on the appreciation of land value for any land use right and buildings on the ground or other structures annexed thereto from which VAT arises as a result of the transfer of ownership by the Group at a consideration.
Resource tax:	It is levied to the minerals exploited by the Group on a quantity basis under the relevant tax laws of the PRC.
Corporate income tax:	Except the items listed in (2) below, the tax is levied on the Group at the tax rate of 25% based on the taxable profit.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

IV. TAXATION *(continued)*

(2) Tax preferences

1. Value-added tax (VAT)

Certain subsidiaries of the Group enjoy the following VAT preferences:

- (1) In accordance with the Notice Concerning the Value-added Tax Policy for Comprehensive Utilisation of Resources and Other Products and the Supplementary Notice Concerning the Value-added Tax Policy for Comprehensive Utilisation of Resources and Other Products, some of the Group's subsidiaries engaged in cement production enjoy the VAT refund upon collection preferential policy in 2015 in respect of their eligible cement products. Such subsidiaries include Beijing Liulihe Cement Co., Ltd., Hebei BBMG Dingxin Cement Co., Ltd., Cangzhou Lingang BBMG Cement Co., Ltd., Beijing Taihang Qianjing Cement Co., Ltd., Handan BBMG Taihang Cement Co., Ltd., Cheng'an BBMG Taihang Cement Co., Ltd., Zhanhuang BBMG Cement Co., Ltd., Zhangjiakou Jinyu Cement Co., Ltd., Zhuolu Jinyu Cement Co., Ltd., Siping BBMG Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd., Lanxian BBMG Cement Co., Ltd., Qinyang BBMG Cement Co., Ltd., Lingchuan BBMG Cement Co., Ltd., Beijing Cement Plant Co., Ltd., Xuanhua BBMG Cement Co., Ltd., Beijing Xingfa Cement Co., Ltd., Boai BBMG Cement Co., Ltd. and Xingtai BBMG Yongning Cement Co., Ltd.
- (2) In accordance with the Notice Concerning the Value-added Tax Policy for Comprehensive Utilisation of Resources and Other Products and the Supplementary Notice Concerning the Value-added Tax Policy for Comprehensive Utilisation of Resources and Other Products, some of the Group's subsidiaries engaged in concrete production enjoy the VAT exemption preferential policy in 2015 in respect of their eligible concrete products. Such subsidiaries include Hetian Yuhe Sand Stone Co., Ltd., Beijing Jianhua-Bulangni Concrete Co., Ltd., Beijing BBMG Concrete Co., Ltd., Guantao BBMG Taihang Concrete Co., Ltd., Cheng'an BBMG Taihang Cement Co., Ltd., Handan Shexian BBMG Cement Co., Ltd., Tianjin BBMG Concrete Co., Ltd., Shijiazhuang BBMG Xucheng Concrete Co., Ltd., Handan Fengfeng BBMG Concrete Co., Ltd., Handan Hanshan BBMG Concrete Co., Ltd. and Handan BBMG Concrete Co., Ltd.
- (3) In accordance with the Notice Concerning the Value-added Tax Policy for Comprehensive Utilisation of Resources and Other Products and the Supplementary Notice Concerning the Value-added Tax Policy for Comprehensive Utilisation of Resources and Other Products, Tianjin Jinyu Treasure Bright Mortar Co., Ltd., Beijing Jinyu Aerated Concrete Co., Ltd., BBMG Mortar Co., Ltd. and Tangshan Jinyu Aerated Concrete Co., Ltd., all being the Group's subsidiaries, enjoy the VAT exemption preferential policy in respect of their selected building materials in 2015.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

IV. TAXATION *(continued)*

(2) Tax preferences *(continued)*

1. Value-added tax (VAT) *(continued)*

(4) In accordance with the Notice on Continuing Preferential Policies on VAT, Property Tax and Urban Land Use Tax for Heating Enterprises, Beijing Jinhaiyan Property Management Co., Ltd., Beijing Xisanqi Heating Co., Ltd., and BBMG Dacheng Property Management Co., Ltd., all being the Group's subsidiaries, enjoy the VAT exemption for their revenue from the heating services to individual residents in the period from the heating season of 2011 to 31 December 2015.

(5) Beijing Liulihe Cement Co., Ltd., a subsidiary of the Group, enjoys VAT exemption for its revenue from comprehensive utilisation and disposal of waste.

2. Business tax

Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd., Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd., Beijing Bio-Island Science and Technology Co., Ltd. and Beijing Liulihe Cement Co., Ltd., all being the Group's subsidiaries, are exempted from business tax on revenue from disposal of hazardous wastes pursuant to the Reply of the State Administration of Taxation of the PRC regarding Business Tax Exemption on Revenue from Disposal of Hazardous Wastes, the Notice on Circulating the "Reply of the State Administration of Taxation of the PRC regarding Business Tax Exemption on Revenue from Disposal of Hazardous Wastes" issued by Beijing Local Taxation Bureau and the Reply of Sanhe Local Taxation Bureau regarding Business Tax Exemption on Revenue from Disposal of Hazardous Wastes.

3. Corporate income tax

Certain subsidiaries of the Group enjoy the following corporate income tax preferences:

(1) Certain subsidiaries of the Group are certified as high-tech enterprises by relevant governmental authorities and enjoy a preferential corporate income tax rate of 15% for high-tech enterprises in 2015 pursuant to the implementation rules of the Law on Enterprise Income Tax of the People's Republic of China and the Notice of the State Administration of Taxation of the PRC regarding Corporate Income Tax Preferences for High-tech Enterprises. Such subsidiaries include Tongda Refractory Technology Co., Ltd, Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd., Beijing Building Materials Academy Co., Ltd., Beijing Building Material Test Centre Co., Ltd., Beijing Jiandu Design and Research Institute Co., Ltd., Beijing Alavus Building Energy Saving Components Co., Ltd., Beijing BBMG Cement Energy Saving Technology Co., Ltd., BBMG Mangrove Environmental Protection Technology Co., Ltd., BBMG Mortar Co., Ltd., Beijing Bio-Island Science and Technology Co., Ltd. and Beijing Quinette Great Wall Seats Co., Ltd.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

IV. TAXATION *(continued)*

(2) Tax preferences *(continued)*

3. Corporate income tax *(continued)*

- (2) In accordance with the Indices on Corporate Income Tax Preferential Policies for Enterprises engaging in Environmental Protection as well as Energy and Water Saving Projects, Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd. and Qinyang BBMG Cement Co., Ltd. enjoy the preferential corporate income tax policy of “three-year exemption and three-year 50% reduction” from 1 January 2010 to 31 December 2015 and from 1 January 2014 to 31 December 2019 respectively.
- (3) Hetian Yuhe Sand Stone Company Limited enjoys a preferential tax rate of 15% from 2011 to 2020 pursuant to the Catalogue of Encouraged Industries in Western China and Announcement of the State Administration of Taxation on Implementation of the Catalogue of Encouraged Industries in Western China.
- (4) Beijing Liulihe Cement Co., Ltd. enjoys the preferential corporate income tax policy of bonus deduction of payroll for disabled persons pursuant to the Notice Concerning Corporate Income Tax Preferential Policies for Employment of Disable Persons.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2015	31 December 2014
Cash in stock	2,659,800.17	1,188,238.10
Bank deposits	7,596,215,363.22	9,908,370,191.23
Other monetary fund	190,714,945.19	167,795,504.41
Statutory deposit reserve placement with central bank by Finance Company	<u>421,064,156.16</u>	<u>902,817,668.94</u>
	<u>8,210,654,264.74</u>	<u>10,980,171,602.68</u>

Monetary fund with restrictions

	30 June 2015	31 December 2014
Monetary fund for collateral:		
Statutory deposit reserve placement with central bank by Finance Company	421,064,156.16	902,817,668.94
Deposits for letter of credit	41,895,715.25	45,147,170.74
Quality/performance guarantees	60,925,461.50	47,217,112.71
Deposits for acceptance bills	83,435,316.76	65,774,311.91
Other monetary fund with restrictions:		
Restricted part of property pre-sale funds	4,234,899,300.24	3,422,787,771.29
Others	<u>8,553,720.79</u>	<u>16,691,995.87</u>
	<u>4,850,773,670.70</u>	<u>4,500,436,031.46</u>
Cash and cash equivalents	<u>3,359,880,594.04</u>	<u>6,479,735,571.22</u>

Interest income is generated from current savings as determined by the interest rate for the savings in banks. Short-term time deposits with durations from 7 days to 3 months are made in accordance with the Group's need for cash, with interest income generated according to the respective time deposit interest rates.

As at 30 June 2015, the Group's monetary fund deposited overseas amounted to RMB421,721.31 (31 December 2014: RMB924,880.55).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. Bills receivable

	30 June 2015	31 December 2014
Bank acceptance bills	1,762,175,918.64	2,096,964,186.58
Commercial acceptance bills	265,271,631.39	554,063,523.20
	2,027,447,550.03	2,651,027,709.78

Bills receivable endorsed or discounted but not yet due at the balance sheet date are as follows:

	30 June 2015		31 December 2014	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	788,383,358.87	828,257,695.93	1,804,158,397.17	933,652,137.04
Commercial acceptance bills	-	87,207,799.47	-	157,807,360.25
Total	788,383,358.87	915,465,495.40	1,804,158,397.17	1,091,459,497.29

As at 30 June 2015, bills receivable of RMB48,713,090.68 were pledged to secure short-term borrowings, among which bank acceptance bills amounted to RMB36,500,000.00 and commercial acceptance bills amounted to RMB12,213,090.68 (Note V.62) (31 December 2014: RMB4,983,581.02, all being commercial acceptance bills).

As at 30 June 2015, there was no transfer of bills receivable into accounts receivable due to default on the part of the drawer (31 December 2014: Nil).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Accounts receivable

The credit periods of accounts receivable are generally 1 to 6 months. Accounts receivable are non-interest bearing.

An aging analysis of the accounts receivable is as follows:

	30 June 2015	31 December 2014
Within 1 year	5,398,421,394.85	4,613,212,359.21
1 to 2 years	957,155,694.72	869,454,190.39
2 to 3 years	204,347,574.76	180,097,325.16
3 to 4 years	51,458,263.40	33,917,799.92
4 to 5 years	31,839,209.24	26,077,898.89
Over 5 years	63,311,456.33	62,663,210.83
	6,706,533,593.30	5,785,422,784.40
Provision for bad debts	(413,102,112.27)	(380,590,250.26)
	6,293,431,481.03	5,404,832,534.14

The movements in provision for bad debts are as follows:

	For the six months ended 30 June 2015	2014
At the beginning of the period/year	380,590,250.26	331,577,447.00
Provision for the period/year	34,762,447.05	90,855,743.03
Transferred in upon acquisition of subsidiaries	150,000.00	–
Reversal for the period/year	(2,302,352.71)	(39,657,429.33)
Write-off for the period/year	(98,232.33)	(2,185,510.44)
	413,102,112.27	380,590,250.26

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Accounts receivable *(continued)*

	30 June 2015			
	Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision for bad debts	12,347,649.50	0.18	1,827,633.06	14.80
Provision for bad debts by age group				
Within 1 year (inclusive of 1 year)	5,368,985,840.50	80.06	–	–
1 to 2 years (inclusive of 2 years)	649,918,058.25	9.69	194,975,417.57	30.00
2 to 3 years (inclusive of 3 years)	125,351,569.76	1.87	75,210,941.86	60.00
3 to 4 years (inclusive of 4 years)	21,526,520.81	0.32	18,297,542.86	85.00
4 to 5 years (inclusive of 5 years)	22,721,585.73	0.34	22,721,585.73	100.00
Over 5 years	31,713,835.42	0.47	31,713,835.42	100.00
	6,220,217,410.47	92.75	342,919,323.44	
Provision for bad debts by special credit characteristics group	294,322,894.79	4.39	–	–
Individually not significant but subject to separate provision for bad debts	179,645,638.54	2.68	68,355,155.77	38.05
	6,706,533,593.30	100.00	413,102,112.27	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Accounts receivable *(continued)*

	31 December 2014			
	Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision for bad debts	10,972,785.00	0.19	1,471,200.46	13.41
Provision for bad debts by age group				
Within 1 year (inclusive of 1 year)	4,563,671,027.00	78.87	–	–
1 to 2 years (inclusive of 2 years)	617,598,916.63	10.68	185,279,674.99	30.00
2 to 3 years (inclusive of 3 years)	90,831,391.88	1.57	54,498,835.12	60.00
3 to 4 years (inclusive of 4 years)	27,683,942.04	0.48	23,531,350.73	85.00
4 to 5 years (inclusive of 5 years)	16,645,875.70	0.29	16,645,875.70	100.00
Over 5 years	<u>42,443,867.02</u>	<u>0.73</u>	<u>42,443,867.02</u>	100.00
	5,358,875,020.27	92.62	322,399,603.56	
Provision for bad debts by special credit characteristics group	276,281,358.95	4.78	–	–
Individually not significant but subject to separate provision for bad debts	<u>139,293,620.18</u>	<u>2.41</u>	<u>56,719,446.24</u>	40.72
	<u>5,785,422,784.40</u>	<u>100.00</u>	<u>380,590,250.26</u>	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Accounts receivable *(continued)*

As at 30 June 2015, accounts receivable which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons
Unit A	12,347,649.50	1,827,633.06	14.80	Partly uncollectible

As at 31 December 2014, accounts receivable which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons
Unit B	10,972,785.00	1,471,200.46	13.41	Partly uncollectible

For the six months ended 30 June 2015, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

	Reasons for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provision for bad debts before recovery	Reversal amount
Unit C	Payment for receivable received	Aging analysis	12,975,897.94	12,975,897.94

The receivable from Unit C was originally aged up to 1 to 2 years, and the management made provision for bad debts based on the ratio of 30% of the age groups. The Group received cash repayments from Unit C in the current period, and therefore, reversed the provision for bad debts previously made.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Accounts receivable *(continued)*

During 2014, reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant accounts receivable are as follows:

	Reasons for reversal	Basis of determining the original provisions for bad debts	Accumulated amount of provision for bad debts before recovery	Reversal amount
Unit D	Payment for receivable received	Aging analysis	10,142,027.70	10,142,027.70

The receivable from Unit D was originally aged over five years, and the management classified it into the group with credit risk characteristics in aging and made full provision for bad debts. The Group received cash repayments from Unit D in the current year, and therefore, reversed the provision for bad debts previously made.

For the six months ended 30 June 2015, no individually significant accounts receivable were written-off (for the six months ended 30 June 2014: Nil).

As at 30 June 2015, no accounts receivable were pledged as guarantee for the Group's bank loans (31 December 2014: Nil).

Accounts receivable from related parties as at 30 June 2015 and 31 December 2014 were set out in Note X. Related Party Relationships and Transactions.

As at 30 June 2015, the top 5 of accounts receivable were as follows:

	Balance	Proportion in total accounts receivable (%)	Balance of provision for bad debts as at the end of the year	Net amount
Unit 1	129,171,480.00	1.93	–	129,171,480.00
Unit 2	89,120,125.72	1.33	–	89,120,125.72
Unit 3	80,006,336.00	1.19	–	80,006,336.00
Unit 4	78,000,000.00	1.16	–	78,000,000.00
Unit 5	60,800,303.00	0.91	–	60,800,303.00
	<u>437,098,244.72</u>	<u>6.52</u>	<u>–</u>	<u>437,098,244.72</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

4. Advances to suppliers

An aging analysis of advances to suppliers is as follows:

	30 June 2015		31 December 2014	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	983,376,925.31	30.10	1,263,225,423.25	35.81
1 to 2 years	61,355,132.57	1.88	2,248,767,096.28	63.76
2 to 3 years	2,214,796,788.62	67.80	4,890,367.16	0.14
Over 3 years	7,201,390.27	0.22	10,098,163.31	0.29
	3,266,730,236.77	100.00	3,526,981,050.00	100.00

As at 30 June 2015, the significant advances to suppliers aging over 1 year were as follows:

Aging	Amount	Percentage of total advances to suppliers	Reasons for being not yet settled in time
Unit 1 1-2 years and 2-3 years	2,230,771,235.88	67.41%	Conditions for delivery under the contract not yet achieved

As at 31 December 2014, the significant advances to suppliers aging over 1 year were as follows:

Aging	Amount	Percentage of total advances to suppliers	Reasons for being not yet settled in time
Unit 1 1-2 years	2,230,771,235.88	63.25%	Conditions for delivery under the contract not yet achieved

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

4. Advances to suppliers *(continued)*

As at 30 June 2015, the top 5 of advances to suppliers were as follows:

	Relationship with the Group	Amount	Aging	Reasons for being not yet settled in time
Unit 1	Third party	2,237,465,422.83	1-3 years	Conditions for delivery not yet achieved
Unit 2	Third party	157,960,429.38	Within 1 year	Not yet delivered for settlement
Unit 3	Third party	54,309,408.87	Within 1 year	Not yet delivered for settlement
Unit 4	Third party	21,451,141.91	Within 1 year	Not yet delivered for settlement
Unit 5	Third party	19,139,500.00	Within 1 year	Not yet delivered for settlement
		<u>2,490,325,902.99</u>		

5. Interest receivable

	30 June 2015	31 December 2014
STAR-USG Building Materials Co., Ltd.	<u>2,641,275.74</u>	<u>2,641,275.74</u>

6. Dividends receivable

	30 June 2015	30 June 2014
Beijing Gaoqiang Concrete Co., Ltd.	<u>2,190,000.00</u>	2,190,000.00
Beijing Sinobaide Technology Co., Ltd	<u>851,000.00</u>	—
	<u>3,041,000.00</u>	<u>2,190,000.00</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables

An aging analysis of other receivables is as follows:

	30 June 2015	31 December 2014
Within 1 year	2,012,311,629.32	1,155,417,729.22
1 to 2 years	243,529,576.12	229,436,091.20
2 to 3 years	86,800,772.99	142,918,234.48
3 to 4 years	52,682,915.26	395,689,469.69
4 to 5 years	298,608,343.16	3,919,836.35
Over 5 years	81,802,771.05	80,483,535.98
	2,775,736,007.90	2,007,864,896.92
Provision for bad debts of other receivables	(125,365,045.93)	(131,989,213.48)
	2,650,370,961.97	1,875,875,683.44

Movements in provision for bad debts of other receivables are as follows:

	For the six months ended 30 June 2015	For the year of 2014
At the beginning of the period/year	131,989,213.48	120,034,651.35
Provision for the period/year	696,962.60	15,867,554.81
Reversal for the period/year	(7,053,534.76)	(3,154,167.64)
Write-off for the period/year	(267,595.39)	(758,825.04)
At the end of the period/year	125,365,045.93	131,989,213.48

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables *(continued)*

	30 June 2015			
	Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision for bad debts	74,128,733.06	2.67	49,411,768.06	66.66
Provision for bad debts by age group				
Within 1 year (inclusive of 1 year)	1,947,538,228.42	70.16	-	-
1 to 2 years (inclusive of 2 years)	6,915,886.47	0.25	2,074,765.94	30.00
2 to 3 years (inclusive of 3 years)	5,084,785.90	0.18	3,050,871.54	60.00
3 to 4 years (inclusive of 4 years)	2,879,135.85	0.10	2,447,265.47	85.00
4 to 5 years (inclusive of 5 years)	1,229,574.71	0.05	1,229,574.71	100.00
Over 5 years	47,187,525.43	1.70	47,187,525.43	100.00
	2,010,835,136.78	72.44	55,990,003.09	-
Provision for bad debts by special credit characteristics group	669,404,852.49	24.12	-	-
Individually not significant but subject to separate provision for bad debts	21,367,285.57	0.77	19,963,274.78	93.43
	2,775,736,007.90	100.00	125,365,045.93	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables *(continued)*

	31 December 2014			
	Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision for bad debts	74,128,733.06	3.69	49,411,768.06	66.66
Provision for bad debts by age group				
Within 1 year (inclusive of 1 year)	1,126,902,301.86	56.12	–	–
1 to 2 years (inclusive of 2 years)	8,563,670.20	0.43	2,569,101.07	30.00
2 to 3 years (inclusive of 3 years)	5,981,188.68	0.30	3,588,713.21	60.00
3 to 4 years (inclusive of 4 years)	4,160,290.52	0.21	3,536,246.94	85.00
4 to 5 years (inclusive of 5 years)	1,736,330.81	0.09	1,736,330.81	100.00
Over 5 years	48,543,523.97	2.42	48,543,523.97	100.00
	1,195,887,306.04	59.56	59,973,916.00	
Provision for bad debts by special credit characteristics group	713,354,126.38	35.53	–	–
Individually not significant but subject to separate provision for bad debts	24,494,731.44	1.22	22,603,529.42	92.98
	<u>2,007,864,896.92</u>	<u>100</u>	<u>131,989,213.48</u>	

As at 30 June 2015, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons
First	30,379,950.00	9,113,985.00	30.00	Likely uncollectible
Second	23,697,783.06	20,246,783.06	85.44	Likely uncollectible
Third	20,051,000.00	20,051,000.00	100.00	Likely uncollectible
	<u>74,128,733.06</u>	<u>49,411,768.06</u>		

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables *(continued)*

As at 31 December 2014, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons
First	30,379,950.00	9,113,985.00	30.00	Partly uncollectible
Second	23,697,783.06	20,246,783.06	85.44	Partly uncollectible
Third	<u>20,051,000.00</u>	<u>20,051,000.00</u>	100.00	Likely uncollectible
	<u>74,128,733.06</u>	<u>49,411,768.06</u>		

Other receivables by nature were as follows:

	30 June 2015	31 December 2014
Current account with other entities	748,713,058.37	754,672,144.64
Deposits	1,135,531,315.57	420,966,006.38
Government grants receivable	273,277,169.49	242,057,644.40
Other current account	492,849,418.54	<u>458,179,888.02</u>
Total	2,650,370,961.97	<u>1,875,875,683.44</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables *(continued)*

As at 30 June 2015, the top 5 of other receivables were as follows:

	Balance at the end of the year	Proportion in total other receivables (%)	Nature	Aging	Balance of provision for bad debts at the end of the year
Unit 1	740,310,000.00	27.96	Deposits	Within 1 year	-
Unit 2	399,497,501.79	15.08	Current account with other entities	Within 1 year, 4-5 years	-
Unit 3	100,226,354.83	3.79	Government grants receivable	Within 1 year, 1-2 years	-
Unit 4	81,688,940.00	3.09	Current account with other entities	Within 1 year, 1-2 years, 2-3 years, over 3 years	9,113,985.00
Unit 5	66,528,313.19	2.51	Government grants receivable	Within 1 year, 1-2 years	-
	1,388,251,109.81	52.43			9,113,985.00

As at 31 December 2014, the top 5 of other receivables were as follows:

	Balance at the end of the year	Proportion in total other receivables (%)	Nature	Aging	Balance of provision for bad debts at the end of the year
Unit 1	466,959,259.45	23.26	Current account with other entities	Within 1 year, 3-4 years	-
Unit 2	86,711,019.01	4.32	Government grants receivable	Within 1 year, 1-2 years	-
Unit 3	85,821,753.31	4.27	Current account with other entities	Within 1 year, 1-2 years, 2-3 years, over 3 years	9,113,985.00
Unit 4	63,727,946.42	3.17	Government grants receivable	Within 1 year, 1-2 years	-
Unit 5	55,782,501.50	2.78	Other current account	1-2 years	-
	759,002,479.69	37.80			9,113,985.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables *(continued)*

As at 30 June 2015, government grants receivable were as follows:

	Description of government grant	Amount	Aging	Expected time of receipt
Unit 1	Refunds of VAT	100,226,354.83	Within 1 year, 1 to 2 years	2015
Unit 2	Refunds of VAT	66,528,313.19	Within 1 year, 1 to 2 years	2015
Unit 3	Refunds of VAT	23,400,001.42	Within 1 year, 1 to 2 years	2015
Unit 4	Refunds of VAT	18,890,170.42	Within 1 year	2015
Unit 5	Refunds of VAT	9,209,236.63	Within 1 year	2015
Unit 6	Refunds of VAT	7,502,656.57	Within 1 year	2015
Unit 7	Refunds of VAT	7,076,664.51	Within 1 year	2015
Unit 8	Refunds of VAT	6,722,848.09	Within 1 year, 1 to 2 years	2015
Unit 9	Refunds of VAT	6,549,540.95	Within 1 year	2015
Unit 10	Refunds of VAT	6,518,795.40	Within 1 year	2015
Unit 11	Refunds of VAT	6,367,185.39	Within 1 year	2015
Unit 12	Refunds of VAT	6,298,911.56	Within 1 year	2015
Unit 13	Refunds of VAT	2,929,073.74	Within 1 year	2015
Unit 14	Refunds of VAT	1,527,257.09	Within 1 year	2015
Unit 15	Refunds of VAT	1,511,156.02	Within 1 year	2015
Unit 16	Refunds of VAT	1,091,008.14	Within 1 year	2015
Unit 17	Refunds of VAT	529,080.98	Within 1 year	2015
Unit 18	Refunds of VAT	<u>398,914.56</u>	Within 1 year	2015
		<u>273,277,169.49</u>		

As set out in Note IV. Taxation, certain companies of the Group enjoy the preference of immediate refund of VAT levied. The above value-added tax payable refund policies have been verified by various tax authorities, and the management of the Company expects that the amounts will be recovered within 2015.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

8. Inventories

	30 June 2015		
	Gross carrying amount	Provision for decline in value	Carrying value
Raw materials	943,564,388.11	(17,719,702.39)	925,844,685.72
Items in production	638,096,612.11	(20,321,653.39)	617,774,958.72
Finished goods	563,007,462.55	(17,865,904.61)	545,141,557.94
Turnover materials	95,728,958.23	(4,569,291.97)	91,159,666.26
Goods in stock	546,822,809.55	(46,602.56)	546,776,206.99
Development costs	38,629,031,929.88	(7,169,850.12)	38,621,862,079.76
Products under development	9,815,048,831.16	(43,778,521.25)	9,771,270,309.91
	<u>51,231,300,991.59</u>	<u>(111,471,526.29)</u>	<u>51,119,829,465.30</u>

	31 December 2014		
	Gross carrying amount	Provision for decline in value	Carrying value
Raw materials	1,008,625,755.43	(20,782,015.04)	987,843,740.39
Items in production	596,497,578.41	(28,288,017.90)	568,209,560.51
Finished goods	534,938,635.02	(21,184,301.39)	513,754,333.63
Turnover materials	69,911,143.13	(4,569,291.97)	65,341,851.16
Goods in stock	537,241,526.35	(967,842.71)	536,273,683.64
Development costs	35,904,163,070.57	(7,169,850.12)	35,896,993,220.45
Products under development	10,337,782,329.71	(53,039,299.10)	10,284,743,030.61
	<u>48,989,160,038.62</u>	<u>(136,000,618.23)</u>	<u>48,853,159,420.39</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

8. Inventories *(continued)*

The movements in provision for decline in value of inventories are as follows:

For the six months ended 30 June 2015

	Opening balance	Provision for the period	Disposal of subsidiaries	Decrease in the period		Closing balance
				Reversal	Write-off	
Raw materials	20,782,015.04	-	-	(729,202.68)	(2,333,109.97)	17,719,702.39
Items in production	28,288,017.90	-	-	-	(7,966,364.51)	20,321,653.39
Finished goods	21,184,301.39	117,666.21	-	(2,279,378.54)	(1,156,684.45)	17,865,904.61
Turnover materials	4,569,291.97	-	-	-	-	4,569,291.97
Goods in stock	967,842.71	-	-	-	(921,240.15)	46,602.56
Development costs	7,169,850.12	-	-	-	-	7,169,850.12
Products under development	53,039,299.10	2,643,781.03	-	-	(11,904,558.88)	43,778,521.25
	<u>136,000,618.23</u>	<u>2,761,447.24</u>	<u>-</u>	<u>(3,008,581.22)</u>	<u>(24,281,957.96)</u>	<u>111,471,526.29</u>

2014

	Opening balance	Provision for the year	Disposal of subsidiaries	Decrease in the year		Closing balance
				Reversal/ Transfer out	Write-off	
Raw materials	14,018,794.74	8,134,360.10	-	-	(1,371,139.80)	20,782,015.04
Items in production	6,010,407.59	22,277,610.31	-	-	-	28,288,017.90
Finished goods	12,060,305.69	10,739,448.68	-	-	(1,615,452.98)	21,184,301.39
Turnover materials	4,569,291.97	-	-	-	-	4,569,291.97
Goods in stock	141,828.29	903,865.24	-	(74,564.00)	(3,286.82)	967,842.71
Development costs	7,169,850.12	-	-	-	-	7,169,850.12
Products under development	-	53,039,299.10	-	-	-	53,039,299.10
	<u>43,970,478.40</u>	<u>95,094,583.43</u>	<u>-</u>	<u>(74,564.00)</u>	<u>(2,989,879.60)</u>	<u>136,000,618.23</u>

As at 30 June 2015, the balance of development costs included the capitalised borrowing costs of RMB2,009,021,967.67 (31 December 2014: RMB1,807,296,142.72), of which RMB513,356,889.00 was capitalised during the current period (2014: RMB936,555,642.00), and the rate of interest capitalisation was 6.61% (2014: 5.96%).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventories (continued)

As at 30 June 2015, the properties under development with carrying amount of RMB1,383,827,343.77 were pledged as guarantee for the Group's bank loans (31 December 2014: RMB1,831,171,909.70) (Note V.62).

(1) The breakdown of development costs of real estate:

Project name	Commencement time	Estimated completion time of the next phase	Aggregate investment	30 June 2015	31 December 2014
Chongqing – Shidaiduhui	December 2011	December 2015	2,818,620,999.22	1,245,149,547.48	1,080,980,073.03
Chongqing – Nanshanjun	December 2011	December 2015	3,372,478,050.21	1,993,001,792.97	1,852,912,771.53
Chengdu – Shuangliu Project	December 2012	Completed	1,519,880,000.00	–	383,947,672.30
Chengdu – Wuhou Longxijun Project	September 2015	December 2017	2,761,300,000.00	1,248,043,056.22	1,151,917,404.14
Hangzhou – Banshan Project	November 2012	March 2016	1,191,875,565.04	1,066,843,355.95	1,050,700,251.37
Hangzhou – Plot at Laochengxiang	July 2014	December 2018	2,374,000,000.00	1,477,243,670.11	1,423,591,937.88
Inner Mongolia – Jinyu Elegancy City	April 2013	December 2015	938,950,000.00	309,536,056.96	624,992,914.37
Inner Mongolia – Jinyu Global Financial Centre	July 2013	December 2017	1,200,000,000.00	420,540,171.44	330,513,504.50
Hangzhou – Guanlan Times	March 2010	Completed	6,272,882,913.00	–	696,030,318.39
Hangzhou 2D Plot	May 2013	December 2015	598,668,946.24	314,046,086.83	254,808,097.51
Hangzhou 2G Plot	July 2016	December 2020	Nil	35,607,771.98	35,607,771.98
Hangzhou 2F Plot	July 2016	December 2020	Nil	86,113,840.39	86,113,840.39
Haikou – Haidianxi Project	June 2014	December 2015	1,886,070,000.00	819,791,882.18	706,664,031.50
Tangshan – Jinyu Lefu	March 2011	October 2015	2,478,239,600.00	973,067,690.35	1,030,202,052.07
Beijing – Xisanqi Commercial Residential Project	October 2012	December 2015	1,085,830,000.00	581,890,096.02	508,291,189.49
Tianjin – Jinyu Yuecheng	September 2010	December 2017	1,973,876,084.00	2,008,211,317.44	1,862,293,030.71
Tianjin – Elegancy City	May 2013	December 2015	2,138,470,000.00	1,673,453,131.76	1,438,924,033.42
Beijing – Jinyu Vanke City	March 2008	Completed	4,011,000,000.00	–	24,436,820.60
Beijing – Chaoyang New City	August 2013	October 2015	1,677,250,000.00	973,396,282.09	1,373,939,480.89
Beijing – Kanghuiyuan	February 2009	March 2016	2,220,000,000.00	116,669,301.90	157,385,910.56
Beijing – Hongshizuo	March 2012	December 2015	544,660,000.00	378,875,279.01	315,294,110.13
Beijing – Xi Hai'an	August 2012	December 2016	1,092,433,800.00	579,263,249.28	813,347,720.70
Beijing – Tuqiao Project	October 2009	December 2015	4,672,150,000.00	528,125,684.13	596,957,417.80
Beijing – I Cube	November 2011	Completed	880,000,000.00	–	206,549,441.95
Beijing – Phase III of Tuqiao	December 2012	September 2015	1,187,197,300.00	434,954,380.96	771,434,497.05
Qingdao – Plot at Jinggangshan Road	May 2013	August 2015	240,000,000.00	198,770,100.32	192,919,692.27
Beijing – Plot 1 of Changyang University of Science and Technology (長陽理工大學)	March 2014	June 2016	3,000,000,000.00	2,152,204,409.16	1,979,039,306.72

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventories (continued)

(1) The breakdown of development costs of real estate: (continued)

Project name	Commencement time	Estimated completion time of the next phase	Aggregate investment	30 June 2015	31 December 2014
Beijing – Chaoyang New City – B Plot Commercial Building	December 2012	August 2015	927,138,000.00	683,220,182.37	154,515,565.13
Nanjing – Plot A2 of Xinglong Avenue North	March 2014	June 2018	4,540,170,000.00	3,265,838,166.71	3,143,982,184.42
Ma'anshan – Project at the Eastern Foot of Jiashan Hill (佳山)	May 2013	September 2015	1,052,398,300.00	751,286,019.88	659,655,978.61
Beijing – Phase II of Dandian	April 2014	September 2016	4,263,660,000.00	2,589,087,537.18	2,348,951,668.37
Beijing – Nankou Project	2015	June 2018	439,470,000.00	131,079,020.18	125,350,236.68
Beijing – Phase II of Xingpai	April 2014	December 2015	2,216,590,000.00	1,210,581,831.46	1,009,621,493.68
Shanghai – Jiading Juyuan	December 2015	December 2018	5,500,000,000.00	2,862,047,635.46	2,804,968,444.50
Qingdao – Qingdao Project	2015	December 2018	3,404,000,000.00	1,566,928,406.35	313,780,000.00
Beijing – Fengtai Project	2015	June 2017	7,000,000,000.00	4,524,009,099.18	3,073,000,000.00
Beijing – Western Xijiao Gravel Plant (西郊砂石廠西區)	September 2015	October 2017	2,400,000,000.00	798,083,967.24	751,293,501.10
Others				624,902,058.82	562,078,854.71
Total				38,621,862,079.76	35,896,993,220.45

(2) The breakdown of completed properties held for sale:

Project name	Completion date of the latest phase	Opening balance	Increase in the period	Decrease in the period	Closing balance
Beijing – Jinyu Town-House	October 2014	64,864,162.91	–	(3,659,243.07)	61,204,919.84
Beijing – Chaoyang New City	June 2012	64,413,374.62	–	(3,775,340.99)	60,638,033.63
Beijing – Miaopu Housing Renovation Project	December 2008	4,139,589.71	–	(778,289.29)	3,361,300.42
Beijing – Lijingyuan	June 2010	8,725,113.78	–	(6,389,986.43)	2,335,127.35
Beijing – Meiheyuan	June 2010	6,949,101.84	–	–	6,949,101.84
Beijing – Kanghuiyuan	March 2011	190,003,196.78	–	(6,150,536.16)	183,852,660.62
Beijing – Hongshizuo	June 2011	4,136,765.09	–	(3,580,531.98)	556,233.11
Beijing – Tuqiao Project	March 2015	383,350,639.70	215,201,338.50	(241,378,966.94)	357,173,011.26
Beijing – Guanlan Times (觀瀾時代)	June 2013	5,235,297.72	–	–	5,235,297.72
Beijing – Yueheyuan	September 2013	436,660.80	–	–	436,660.80
Beijing – Binheyuan	June 2014	142,674,071.95	–	(9,089,714.81)	133,584,357.14
Beijing – Taiheyuan	December 2013	52,880,709.17	7,044,345.28	–	59,925,054.45

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventories (continued)

(2) The breakdown of completed properties held for sale: (continued)

Project name	Completion date of the latest phase	Opening balance	Increase in the period	Decrease in the period	Closing balance
Beijing – Jinyu Vanke City	May 2014	93,622,256.70	–	(64,884,881.78)	28,737,374.92
Inner Mongolia – Jinyu Times City	June 2014	128,439,304.52	–	(23,390,583.26)	105,048,721.26
Hangzhou – Guanlan Times	February 2015	1,318,311,169.26	713,952,019.26	(133,850,399.57)	1,898,412,788.95
Beijing – Chang'an New City	December 2007	89,652,526.31	–	(4,685,103.32)	84,967,422.99
Beijing – Dachengjun	August 2012	40,088,263.05	–	–	40,088,263.05
Beijing – Dacheng Times Centre	November 2010	95,414,114.52	–	–	95,414,114.52
Beijing – Linglong Tiandi	June 2013	3,518,894.26	–	–	3,518,894.26
Beijing – Liyuan Jincheng Centre	December 2013	311,801,525.37	7,268,206.32	(118,485,412.72)	200,584,318.97
Beijing – Western Group (西組團) public facilities	January 2013	17,340,998.47	–	(486,660.22)	16,854,338.25
Hainan – Dacheng Business Apartments	February 2005	39,007,053.77	–	–	39,007,053.77
Haikou – Meilinghu	December 2013	17,070,809.37	–	–	17,070,809.37
Tianjin – Jinyu Yuecheng	December 2014	381,323,336.57	–	(204,995,906.13)	176,327,430.44
Beijing – Jianxinyuan Affordable Housing	December 2008	75,080,168.49	–	(56,171,078.11)	18,909,090.38
Beijing – Tiantan Gongguan	June 2008	21,178,888.30	–	(2,179,770.15)	18,999,118.15
Tangshan – Jinyu Lefu	May 2015	659,075,530.30	169,628,398.92	(81,734,119.90)	746,969,809.32
Beijing – Ruiheyuan	October 2014	253,627,607.54	–	(34,151,527.26)	219,476,080.28
Beijing – Jinyu Feili	November 2014	1,465,681,477.32	–	(877,541,016.08)	588,140,461.24
Beijing – I Cube	November 2014	250,851,118.05	–	(162,877,415.96)	87,973,702.09
Chongqing – Nanshanjun	December 2014	338,205,081.74	–	(15,463,696.14)	322,741,385.60
Beijing – Dacheng International	December 2011	30,603,408.75	–	–	30,603,408.75
Beijing – BBMG International (金隅國際)	April 2005	85,111,715.33	18,085,202.60	–	103,196,917.93
Chongqing – Shidaiduhui	December 2014	445,235,020.54	–	(90,373,033.02)	354,861,987.52
Hangzhou – Banshan Tianyuan	October 2014	725,351,771.12	–	(69,109,643.88)	656,242,127.24
Beijing – Guogongzhuang project	December 2014	1,979,650,176.99	–	(301,105,816.96)	1,678,544,360.03
Chengdu – Dachengjun	January 2015	441,810,746.80	383,645,807.05	(175,362,013.75)	650,094,540.10
Beijing – Phase III of Tuqiao	March 2015	–	454,492,653.35	(374,346,856.13)	80,145,797.22
Beijing – Jinyu Lanwan	June 2015	–	546,195,483.49	(290,320,666.63)	255,874,816.86
Inner Mongolia – Elegancy City	June 2015	–	517,232,736.84	(171,647,230.14)	345,585,506.70
Others		49,881,383.10	–	(18,253,471.53)	31,627,911.57
Total		10,284,743,030.61	3,032,746,191.61	(3,546,218,912.31)	9,771,270,309.91

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

9. Other current assets

	30 June 2015	31 December 2014
Prepaid income tax	378,657,683.28	313,058,854.54
Prepaid land appreciation tax	503,430,908.92	382,120,759.19
Prepaid business tax and other tax	889,398,241.89	877,634,593.24
Prepaid expenses	80,417,684.65	31,439,423.90
Amortisation of long-term prepaid expenses within one year (Note V.18)	42,634,407.78	51,676,745.84
Others	58,249,682.54	65,996,165.35
	<u>1,952,788,609.06</u>	<u>1,721,926,542.06</u>

10. Available-for-sale financial assets

		30 June 2015	31 December 2014
Available-for-sale equity instruments			
Trust plan assets	(1)	1,100,000,000.00	1,100,000,000.00
Unlisted equity investments	(2)	5,113,250.00	5,113,250.00
		<u>1,105,113,250.00</u>	<u>1,105,113,250.00</u>

- (1) On 17 October 2013, the Company purchased trust scheme of RMB500,000,000.00 from CCB Trust and became a deeply subordinated beneficiary of the trust scheme. The trust scheme will mature on 17 October 2015. Gains on the trust scheme are calculated based on floating returns without principal protection, and to be allocated upon termination of the trust scheme.

In December 2014, BBMG GEM Real Estate Development Co., Ltd. (北京金隅嘉業房地產開發有限公司) ("BBMG GEM"), a subsidiary of the Company, purchased trust scheme of RMB600,000,000.00 from CITIC-CP Asset Management Company Limited (中信信誠資產管理有限公司) using the debt of RMB600,000,000.00 due from its wholly-owned subsidiary Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd. (北京金隅長陽嘉業房地產開發有限公司), and BBMG GEM became the beneficiary of subordinated tranches of the trust scheme. The trust scheme will mature in December 2017. Gains on the trust scheme are calculated based on floating returns without principal protection, and to be allocated upon termination of the trust scheme.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Available-for-sale financial assets (continued)

- (2) As at 30 June 2015 and 31 December 2014, the fair value of domestic non-listed equity investments held by the Group could not be reliably measured due to lack of a quoted price in an active market, and these equity investments were measured at cost. The specific details are as follows:

For the six months ended 30 June 2015:

	Book balance			Provision for impairment			Closing balance	Percentage of shareholding (%)	Cash dividend for the period
	Opening balance	Increase in the period	Decrease in the period	Opening balance	Increase in the period	Decrease in the period			
Tianjia (Tianjin) Building Materials Company Limited (天津天津建材有限公司)	1,000,000.00	-	-	1,000,000.00	-	-	-	10.00	-
Chengguan Rural Credit Cooperatives, Fangshan District, Beijing (北京房山區城關農村信用合作社)	101,000.00	-	-	101,000.00	-	-	-	-	-
Zhongyou Jinyu (Beijing) Oil Sales Co., Ltd. (中油金隅(北京)石油銷售有限公司)	3,000,000.00	-	-	3,000,000.00	-	-	-	10.00	57,640.53
* Beijing Beizhuan Gas Station (北京市北疇加油站)	648,297.22	-	-	648,297.22	291,047.22	-	291,047.22	62.50	-
* Beijing Xinjianxinyuan Farmer's Market Co., Ltd. (北京市鑫建欣苑農貿市場有限公司)	380,000.00	-	-	380,000.00	-	-	-	95.00	-
Beijing Tianyun Trading Co., Ltd. (北京市天雲實業股份有限公司)	75,000.00	-	-	75,000.00	-	-	-	-	-
Beijing Yadu Science and Technology Co., Ltd. (北京亞都科技股份有限公司)	200,000.00	-	-	200,000.00	-	-	-	0.20	-
* Hainan Dihao Furniture Co., Ltd. (海南帝豪家具公司)	2,645,418.54	-	-	2,645,418.54	2,645,418.54	-	2,645,418.54	55.00	-
** Beijing Tsinghua Unisplendor Founder High-Tech Ceramics Co. Ltd. (北京清華紫光方大高技術陶瓷有限公司)	3,267,700.00	-	-	3,267,700.00	3,267,700.00	-	3,267,700.00	27.14	-
Beijing Capital Engineering Co., Ltd. (北京首都工程有限公司)	100,000.00	-	-	100,000.00	100,000.00	-	100,000.00	0.34	-
	11,417,415.76	-	-	11,417,415.76	6,304,165.76	-	6,304,165.76		57,640.53

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Available-for-sale financial assets (continued)

2014:

	Book balance			Provision for impairment			Closing balance	Percentage of shareholding (%)	Cash dividend for the year
	Opening balance	Increase in the year	Decrease in the year	Opening balance	Increase in the year	Decrease in the year			
Tianjia (Tianjin) Building Materials Company Limited (天嘉天津建材有限公司)	1,000,000.00	-	-	1,000,000.00	-	-	-	10.00	-
Chengguan Rural Credit Cooperatives, Fangshan District, Beijing (北京房山区城关农村信用合作社)	101,000.00	-	-	101,000.00	-	-	-	-	10,100.00
Zhongyou Jinyu (Beijing) Oil Sales Co., Ltd. (中油金隅(北京)石油销售有限公司)	3,000,000.00	-	-	3,000,000.00	-	-	-	10.00	-
* Beijing Beizhuan Gas Station (北京市北疇加油站)	648,297.22	-	-	648,297.22	291,047.22	-	291,047.22	62.50	-
* Beijing Xinjianxinyuan Farmer's Market Co., Ltd. (北京市鑫建欣农贸市场有限公司)	380,000.00	-	-	380,000.00	-	-	-	95.00	-
Beijing Tianyun Trading Co., Ltd. (北京市天雲實業股份有限公司)	75,000.00	-	-	75,000.00	-	-	-	-	-
Beijing Yadu Science and Technology Co., Ltd. (北京亞都科技股份有限公司)	200,000.00	-	-	200,000.00	-	-	-	0.20	-
* Hainan Dihao Furniture Co., Ltd. (海南帝豪家具公司)	2,645,418.54	-	-	2,645,418.54	2,645,418.54	-	2,645,418.54	55.00	-
** Beijing Tsinghua Unisplendor Founder High-Tech Ceramics Co. Ltd. (北京清華紫光方大高技術陶瓷有限公司)	3,267,700.00	-	-	3,267,700.00	3,267,700.00	-	3,267,700.00	27.14	-
Beijing Capital Engineering Co., Ltd. (北京首都工程有限公司)	100,000.00	-	-	100,000.00	100,000.00	-	100,000.00	0.34	-
	11,417,415.76	-	-	11,417,415.76	6,013,118.54	291,047.22	6,304,165.76		10,100.00

* The reasons for holding more than 50% of the equity interest in these companies but without having control over them are set out in Note VI.1.

** The reason for holding more than 20% of the equity interest in Tsinghua Unisplendor Founder but without having substantial influence on it is that the Group is unable to participate in any of its decisions and has no significant influence over the same, therefore the Group has not accounted for it as an associate. The Group has made provision for impairment in full of this investment.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term equity investments

For the six months ended 30 June 2015:

	Movements during the period						Provision for impairment at the end of the period
	Opening balance	Increase/ (decrease) in investment	Investment gain or loss under equity method	Other movements of equity interest	Cash dividends declared	Provision for impairment	
Joint ventures							
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	17,789,937.84	-	(8,637,385.84)	-	-	-	9,152,552.00
BBMG Landa Commercial Operation Management Co., Ltd. (北京藍島金隅商業運營管理有限公司)	3,927,454.60	-	305,659.82	-	(282,561.84)	-	3,950,552.58
Subtotal of joint ventures	21,717,392.44	-	(8,331,726.02)	-	(282,561.84)	-	13,103,104.58
Associates							
Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司)	5,469,434.67	-	-	-	-	-	5,469,434.67
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	97,629,252.10	-	(4,031,150.71)	-	-	-	93,598,101.39
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	98,362,708.22	-	(118,068.32)	-	-	-	98,244,639.90
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科寧複合材料(北京)有限公司)	60,310,207.81	-	4,392,894.08	-	-	-	64,703,101.89
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土有限責任公司)	27,810,842.09	-	(4,720,753.62)	-	-	-	23,090,088.47
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	8,035,920.51	-	172,048.18	-	(851,000.00)	-	7,356,968.69
Subtotal of associates	297,618,365.40	-	(4,305,030.39)	-	(851,000.00)	-	292,462,335.01
Total	319,335,757.84	-	(12,636,756.41)	-	(1,133,561.84)	-	305,565,439.59

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term equity investments (continued)

2014

	Movements during the year						Closing balance	Provision for impairment at the end of the year
	Opening balance	Increase/ (decrease) in investment	Investment gain or loss under equity method	Other movements of equity interest	Cash dividends declared	Provision for impairment		
Joint ventures								
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	68,744,196.28	-	(50,954,258.44)	-	-	-	17,789,937.84	-
BBMG Landa Commercial Operation Management Co., Ltd. (北京藍島金隅商業運營管理有限公司)								
	4,907,182.99	-	313,957.59	-	(1,293,685.98)	-	3,927,454.60	-
Subtotal of joint ventures	73,651,379.27	-	(50,640,300.85)	-	(1,293,685.98)	-	21,717,392.44	-
Associates								
Krono Flooring (Beijing) Co., Ltd. (柯諾地板(北京)有限公司)	5,469,434.67	-	-	-	-	-	5,469,434.67	5,469,434.67
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	102,271,114.69	-	(4,641,862.59)	-	-	-	97,629,252.10	-
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	81,940,177.36	-	16,422,530.86	-	-	-	98,362,708.22	-
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科寧複合材料(北京)有限公司)	54,139,111.52	-	6,171,096.29	-	-	-	60,310,207.81	-
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土有限責任公司)	27,561,913.48	-	2,438,928.61	-	(2,190,000.00)	-	27,810,842.09	-
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	6,236,096.41	-	1,799,824.10	-	-	-	8,035,920.51	-
Subtotal of associates	277,617,848.13	-	22,190,517.27	-	(2,190,000.00)	-	297,618,365.40	5,469,434.67
Total	351,269,227.40	-	(28,449,783.58)	-	(3,483,685.98)	-	319,335,757.84	5,469,434.67

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Investment properties

Fair value model is applied for subsequent measurement:

For the six months ended 30 June 2015:

	Buildings
Opening balance	14,051,809,039.03
Gains from changes in fair value	260,611,970.35
Closing balance	<u>14,312,421,009.38</u>

2014

	Buildings
Opening balance	13,545,900,000.00
Disposed during the year	(5,953,882.88)
Self-occupied properties transferred from investment properties	(116,425,880.22)
Gains from changes in fair value	628,288,802.13
Closing balance	<u>14,051,809,039.03</u>

All the above investment properties are located in the PRC and held under medium term leases.

The Group's investment properties were valued by Savills Valuation and Professional Services Limited, an independent valuer with professional qualifications, using market-based approach and future earnings method on an open market and existing use basis, the appraised value of which as at 30 June 2015 was RMB14,312,421,009.38 (31 December 2014: RMB14,051,809,039.03).

As at 30 June 2015, procedures for the title certificates for the investment properties with carrying amount of approximately RMB275,500,000.00 were yet to be completed. These investment properties were acquired through the business combination under common control in 2011, and the Group is in the process of handling the procedures for changing the relevant titles. The management of the Company is of the view that the Group has the legitimate and valid right to occupy and use or dispose of the above properties. The management of the Company is of the opinion that the above matters will not impose any material adverse effect on the overall financial position of the Group as at 30 June 2015.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

12. Investment properties *(continued)*

Investment properties for which the procedures for title certificates were yet to be completed were as follows:

	30 June 2015	31 December 2014
Jianjin Building	148,800,000.00	144,400,000.00
Jinhuanyu Building	126,700,000.00	121,900,000.00
	275,500,000.00	266,300,000.00

As at 30 June 2015, no investment properties were pledged as securities for the debts of the parent BBMG Group (31 December 2014: RMB803,578,160.00); and as at 30 June 2015, investment properties with carrying amount of RMB5,780,231,009.38 (31 December 2014: RMB6,287,630,879.03) were pledged as securities for the bank loans of the Group (Note V.62).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

13. Fixed assets

For the six months ended 30 June 2015

	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
Cost					
Opening balance	12,474,941,293.00	12,391,561,367.65	999,963,502.32	502,103,302.50	26,368,569,465.47
Addition	109,730,529.86	52,234,914.54	15,201,556.64	6,850,258.86	184,017,259.90
Transfer from construction in progress	124,638,689.26	126,273,329.34	116,923.08	911,159.69	251,940,101.37
Business combination not under common control	219,611,216.37	151,364,845.78	-	7,386,005.37	378,362,067.52
Disposal or retirement	(6,637,435.32)	(22,147,882.78)	(26,506,119.83)	(1,013,292.70)	(56,304,730.63)
Closing balance	<u>12,922,284,293.17</u>	<u>12,699,286,574.53</u>	<u>988,775,862.21</u>	<u>516,237,433.72</u>	<u>27,126,584,163.63</u>
Accumulated depreciation					
Opening balance	2,773,059,483.93	4,358,558,020.95	528,562,235.37	343,986,064.53	8,004,165,804.78
Provision for the period	216,412,737.71	367,340,826.42	41,466,136.92	24,364,307.81	649,584,008.86
Disposal or retirement	(2,244,856.78)	(15,218,205.77)	(19,531,598.08)	(960,873.18)	(37,955,533.81)
Closing balance	<u>2,987,227,364.86</u>	<u>4,710,680,641.60</u>	<u>550,496,774.21</u>	<u>367,389,499.16</u>	<u>8,615,794,279.83</u>
Provision for impairment					
Opening balance	127,098,651.56	208,149,357.10	6,266,436.37	1,694,983.06	343,209,428.09
Disposal or retirement	-	(89,450.55)	(856,248.78)	-	(945,699.33)
Closing balance	<u>127,098,651.56</u>	<u>208,059,906.55</u>	<u>5,410,187.59</u>	<u>1,694,983.06</u>	<u>342,263,728.76</u>
Book value					
At the end of the period	<u>9,807,958,276.75</u>	<u>7,780,546,026.38</u>	<u>432,868,900.41</u>	<u>147,152,951.50</u>	<u>18,168,526,155.04</u>
At the beginning of the period	<u>9,574,783,157.51</u>	<u>7,824,853,989.60</u>	<u>465,134,830.58</u>	<u>156,422,254.91</u>	<u>18,021,194,232.60</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

13. Fixed assets *(continued)*

2014

	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
Cost					
Opening balance	11,464,921,065.21	11,376,243,073.61	973,950,853.31	484,041,992.20	24,299,156,984.33
Addition	47,558,613.63	130,455,306.04	78,974,955.49	28,177,084.41	285,165,959.57
Transfer from construction in progress	927,783,623.40	1,045,335,462.74	2,591,879.73	16,035,549.80	1,991,746,515.67
Finance leases	–	2,889,306.00	–	–	2,889,306.00
Transfer from investment properties	116,425,880.22	–	–	–	116,425,880.22
Disposal or retirement	(81,747,889.46)	(163,361,780.74)	(55,554,186.21)	(26,151,323.91)	(326,815,180.32)
Closing balance	<u>12,474,941,293.00</u>	<u>12,391,561,367.65</u>	<u>999,963,502.32</u>	<u>502,103,302.50</u>	<u>26,368,569,465.47</u>
Accumulated depreciation					
Opening balance	2,402,728,400.40	3,800,757,307.77	463,180,786.71	321,104,771.69	6,987,771,266.57
Provision for the year	390,963,439.05	668,486,380.34	108,193,109.61	46,003,638.44	1,213,646,567.44
Disposal or retirement	(20,632,355.52)	(110,685,667.16)	(42,811,660.95)	(23,122,345.60)	(197,252,029.23)
Closing balance	<u>2,773,059,483.93</u>	<u>4,358,558,020.95</u>	<u>528,562,235.37</u>	<u>343,986,064.53</u>	<u>8,004,165,804.78</u>
Provision for impairment					
Opening balance	145,087,499.21	223,194,862.69	7,090,305.97	1,696,933.73	377,069,601.60
Provision for the year	–	4,329,345.12	–	–	4,329,345.12
Disposal or retirement	(17,988,847.65)	(19,374,850.71)	(823,869.60)	(1,950.67)	(38,189,518.63)
Closing balance	<u>127,098,651.56</u>	<u>208,149,357.10</u>	<u>6,266,436.37</u>	<u>1,694,983.06</u>	<u>343,209,428.09</u>
Book value					
At the end of the year	<u>9,574,783,157.51</u>	<u>7,824,853,989.60</u>	<u>465,134,830.58</u>	<u>156,422,254.91</u>	<u>18,021,194,232.60</u>
At the beginning of the year	<u>8,917,105,165.60</u>	<u>7,352,290,903.15</u>	<u>503,679,760.63</u>	<u>161,240,286.78</u>	<u>16,934,316,116.16</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

13. Fixed assets *(continued)*

Fixed assets under finance leases are as follows:

	30 June 2015	31 December 2014
Machinery and equipment		
Original cost	29,168,129.40	29,168,129.40
Less: Accumulated depreciation	4,266,384.48	3,328,650.96
Book value	24,901,744.92	25,839,478.44

The book values of the fixed assets leased out under operating leases are as follows:

	30 June 2015	31 December 2014
Buildings	82,362,519.05	84,390,245.32

As at 30 June 2015, fixed assets for which the procedures for title certificates were yet to be completed were as follows:

	Book value	Reasons for the absence of title certificates
Office building for Chengde BBMG Cement	62,008,854.04	In process
Office building for Xuanhua BBMG Cement	35,077,625.16	Processing of certificate of land use rights is yet to be completed, in process
Office building for Zuoquan BBMG Cement	35,859,869.27	In process
Office building for Xingtai BBMG Yongning	37,550,607.32	In process

As at 30 June 2015, fixed assets with book value of RMB126,887,677.86 were pledged as securities for bank loans of the Group (31 December 2014: RMB7,937,010.21) (Note V.62).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress

	30 June 2015			31 December 2014		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Beijing Liulihe Cement						
– Renovation project for line 1 coal vertical mills	20,567,359.05	–	20,567,359.05	18,857,117.45	–	18,857,117.45
– Project concerning the technological improvement of clinker	15,033,470.43	–	15,033,470.43	14,011,312.95	–	14,011,312.95
– Capacity improvement project of the disposal of fly ashes	17,958,508.55	–	17,958,508.55	15,095,172.30	–	15,095,172.30
Hebei BBMG Dingxin						
– Stripping of 2nd sub orebody	57,909,825.09	–	57,909,825.09	42,809,346.91	–	42,809,346.91
Baoding Taihang Heyi						
– Environmental renovation of cement production line	15,365,360.52	–	15,365,360.52	12,227,760.52	–	12,227,760.52
Guantao BBMG Taihang concrete						
– Production line of 400 thousand tonnes of dry mix mortar	33,311,818.87	–	33,311,818.87	–	–	–
Handan BBMG Taihang Building Materials						
– Project concerning 2 million tonnes of slag powder	24,276,911.48	–	24,276,911.48	–	–	–
Zanhuang BBMG						
– Sandstone mine	12,209,769.18	–	12,209,769.18	11,737,058.18	–	11,737,058.18
Beijing BBMG Energy Saving Technology						
– Project concerning 50,000 tonnes complex production line	–	–	–	11,859,538.48	–	11,859,538.48
Zhangjiakou BBMG						
– Base for fly ash	–	–	–	47,758,330.84	–	47,758,330.84
Tianjin Zhenxing Cement						
– Project concerning clinker storage tent	29,740,088.16	–	29,740,088.16	28,347,508.05	–	28,347,508.05
BBMG Mineral Industry						
– Integration of non-coal mines in Fangshan District	54,514,937.78	–	54,514,937.78	50,866,885.04	–	50,866,885.04
Xuanhua BBMG Cement						
– Project concerning the completion of the cement production by utilisation of carbide slag	–	–	–	15,870,585.38	–	15,870,585.38
Boai BBMG Cement						
– 2# technological transformation of cement	21,688,440.50	–	21,688,440.50	–	–	–
Chengde BBMG Cement						
– Treatment of mine environment and other projects	11,786,191.21	–	11,786,191.21	10,416,122.21	–	10,416,122.21
– Project of 400,000 tonnes dry mix mortar	37,440,381.29	–	37,440,381.29	43,733,336.20	–	43,733,336.20
BBMG (Dachang) Tiantan furniture						
– Equipment purchase of Dachang project	14,884,800.00	–	14,884,800.00	–	–	–
Beijing Aerated Concrete						
– Logistics park project	309,733,959.19	–	309,733,959.19	168,249,241.83	–	168,249,241.83
BBMG (Dachang) Modern Industrial Park						
– Tiantan furniture project 7#9#12#	144,814,473.65	–	144,814,473.65	129,296,519.76	–	129,296,519.76
– Tiantan furniture project 4#10-2#	60,578,993.83	–	60,578,993.83	–	–	–
– Prophase of GSHP of Tiantan furniture (Phase I)	32,501,398.67	–	32,501,398.67	–	–	–
Others	347,347,364.33	(9,772,164.06)	337,575,200.27	223,527,998.58	(9,772,164.06)	213,755,834.52
	1,261,664,051.78	(9,772,164.06)	1,251,891,887.72	844,663,834.68	(9,772,164.06)	834,891,670.62

As at 30 June 2015, none of the construction in progress of the Group had restrictions in ownership (31 December 2014: Nil).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

For the six months ended 30 June 2015

Projects	Budget	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decreases (notes)	Closing balance	Source of funding	Percentage of project investment in budget (%)
	RMB thousand							
Beijing Liulih Cement								
- Project concerning comprehensive utilisation of fly ash	61,290	20,527,000.00	-	20,527,000.00	-	-	Self-financing	100.00
- Collaborative project of the disposal of lime-stabilised sludge and cement kiln	32,000	722,695.65	-	-	-	722,695.65	Self-financing	2.26
- Improvement project of the productivity of fly ash disposal line	22,960	15,095,172.30	2,863,336.25	-	-	17,958,508.55	Self-financing	78.22
- Renovation project for line 1 coal vertical mills	25,000	18,857,117.45	1,710,241.60	-	-	20,567,359.05	Self-financing	82.27
Hebei BBMG Dingxin								
- Stripping of 1st sub orebody phase 2	20,000	-	9,493,256.15	-	-	9,493,256.15	Self-financing	47.47
- Stripping of 2nd sub orebody	86,146	42,809,346.91	15,100,478.18	-	-	57,909,825.09	Self-financing	104.92
- Upgrading of 2nd sub line 1 raw meal ball mill to roller press finish grinding mill	31,000	-	8,780,315.94	-	-	8,780,315.94	Borrowing	28.32
Baoding Taihang Heyi								
- Updating of raw mill energy-saving	29,840	-	5,605,400.00	-	-	5,605,400.00	Self-financing	18.78
- Environmental renovation of cement production line	20,000	12,227,760.52	3,137,600.00	-	-	15,365,360.52	Self-financing	76.83
Guantao BBMG								
- Project concerning 400,000 tonnes dry mix mortar	59,300	3,297,919.07	30,013,899.80	-	-	33,311,818.87	Self-financing	56.18

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

For the six months ended 30 June 2015 (continued)

Projects	Budget	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decreases (notes)	Closing balance	Source of funding	Percentage of project investment in budget (%)
	RMB thousand							
Handan BBMG Taihang Building Materials								
– Project concerning 2 million tonnes of slag powder	146,977	–	24,276,911.48	–	–	24,276,911.48	Borrowing	85.96
Zanhuang BBMG Cement								
– Sandstone mine	42,360	11,737,058.18	472,711.00	–	–	12,209,769.18	Self-financing	66.01
Cement Energy Saving Technology								
– Project concerning 50,000 tonnes complex production line	31,968	11,859,538.48	7,350,677.38	19,210,215.86	–	–	Self-financing	60.69
Zhangjiakou BBMG Cement								
– Base for fly ash	73,400	47,758,330.84	23,161,097.01	70,919,427.85	–	–	Self-financing	96.62
Quyuan Jinyu Cement								
– Solid wastes treatment project	22,700	22,051.28	930.00	–	–	22,981.28	Self-financing	0.10
Tianjin Zhenxing Cement								
– Composite micro powder project	27,660	1,587,845.93	115,000.00	–	–	1,702,845.93	Self-financing	6.16
– Project concerning clinker storage tent	27,470	28,347,508.05	1,392,580.11	–	–	29,740,088.16	Borrowing	108.26
BBMG Mineral Industry								
– Integration of non-coal mines in Fangshan District	157,920	50,866,885.04	3,648,052.74	–	–	54,514,937.78	Self-financing	34.52
Beijing Cement Plant								
– Construction project of limestone mine in Xiazhuang	38,320	120,000.00	932,634.57	–	–	1,052,634.57	Self-financing	2.75
Xuanhua BBMG Cement								
– Project concerning completion of cement production by utilisation of carbide slag	65,000	15,870,585.38	–	9,533,040.47	–	6,337,544.91	Self-financing	100.90
Bo'ai BBMG Cement								
– Upgrading of 2# cement grinding	31,138	4,100,000.00	17,588,440.50	–	–	21,688,440.50	Self-financing	69.65
– Hazardous waste treatment project	26,036	–	311,800.00	–	–	311,800.00	Borrowing	1.20

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

For the six months ended 30 June 2015 (continued)

Projects	Budget	Opening balance	Increase in the period	Transferred to fixed assets in the period	Other decreases (notes)	Closing balance	Source of funding	Percentage of project investment in budget (%)
	RMB thousand							
BBMG Mortar								
– Pinggu production line	46,170	2,433,244.00	686,888.53	-	-	3,120,132.53	Borrowing	89.27
Chengde BBMG Cement								
– Project concerning 400,000 tonnes dry mix mortar	76,720	43,733,336.20	11,424,020.09	-	17,716,975.00	37,440,381.29	Borrowing	71.89
– Treatment of mine environment and other projects	20,440	10,416,122.21	1,370,069.00	-	-	11,786,191.21	Self-financing	57.66
BBMG (Dachang) Tiantan Furniture (大廠金隅天壇家具)								
– Acquisition of Dachang project	558,600	-	14,884,800.00	-	-	14,884,800.00	Fundraising	2.66
Beijing Aerated Concrete								
– Logistics park	1,369,000	168,249,241.83	141,484,717.36	-	-	309,733,959.19	Fundraising	22.62
BBMG (Dachang) Modern Industrial Park								
– Tiantan furniture project 7#9#12# lands standard plants	338,849	129,296,519.76	15,517,953.89	-	-	144,814,473.65	Fundraising	42.72
– Tiantan furniture project 4#10-2# lands standard plants	251,643	506,242.97	60,072,750.86	-	-	60,578,993.83	Fundraising	24.07
– Prophase of GSHP of Tiantan furniture (Phase I)	55,000	100,000.00	32,401,398.67	-	-	32,501,398.67	Fundraising	59.09
Others		204,122,312.63	257,643,547.63	131,750,417.19	4,784,215.27	325,231,227.80		
		<u>844,663,834.68</u>	<u>691,441,508.74</u>	<u>251,940,101.37</u>	<u>22,501,190.27</u>	<u>1,261,664,051.78</u>		

Note: Other decreases during the period represent transfer of the land use rights of Chengde BBMG Cement Co., Ltd., Bo'ai BBMG Cement Co., Ltd. and Tianjin Zhenxing Cement Co., Ltd, all being subsidiaries of the Company, to intangible assets.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

2014

Projects	Budget RMB thousand	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decreases (notes)	Closing balance	Source of funding	Percentage of project investment in budget (%)
Beijing Lulihe								
Cement								
- Project concerning comprehensive utilisation of fly ash	61,290	8,525,878.06	12,001,121.94	-	-	20,527,000.00	Self-financing	99.00
- Collaborative project of the disposal of lime-stabilised sludge and cement kiln	32,000	722,695.65	-	-	-	722,695.65	Self-financing	2.26
- Improvement project of the productivity of fly ash disposal line	22,960	-	15,095,172.30	-	-	15,095,172.30	Self-financing	65.75
- Renovation project for line 1 coal vertical mills	25,000	13,451,149.83	5,405,967.62	-	-	18,857,117.45	Self-financing	94.29
Hebei BBMG Dingxin								
- Stripping of 1st sub orebody	127,328	42,438,443.89	28,204,087.35	-	70,642,531.24	-	Self-financing	100.00
- Stripping of 2nd sub orebody	86,146	32,443,164.60	42,809,346.91	-	32,443,164.60	42,809,346.91	Self-financing	87.35
Baoding Taihang Heyi								
- Activated limestone project	110,184	11,093,420.00	488,056.35	11,581,476.35	-	-	Self-financing	100.00
- "Green Mine"	30,200	273,220.35	1,182,739.71	-	-	1,455,960.06	Self-financing	4.82
- Environmental renovation of cement production line	20,000	-	12,227,760.52	-	-	12,227,760.52	Self-financing	61.14

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

14. Construction in progress *(continued)*

2014 *(continued)*

Projects	Budget RMB thousand	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decreases (notes)	Closing balance	Source of funding	Percentage of project investment in budget (%)
Guantao BBMG								
– Project concerning 400,000 tonnes dry mix mortar	59,300	–	3,297,919.07	–	–	3,297,919.07	Self-financing	5.56
Handan BBMG Taihang Building Materials								
– Project concerning 2 million tonnes of slag powder	102,078	96,604,326.86	5,473,510.21	102,077,837.07	–	–	Borrowing	100.00
Zanhuang BBMG Cement								
– Sandstone mine	42,360	10,549,892.48	16,938,883.43	15,751,717.73	–	11,737,058.18	Self-financing	64.89
Cement Energy Saving Technology								
– Project concerning 50,000 tonnes complex production line	31,968	–	12,577,276.24	717,737.76	–	11,859,538.48	Self-financing	39.34
Zhangjiakou BBMG								
– Base for fly ash	73,400	–	47,758,330.84	–	–	47,758,330.84	Self-financing	65.07
Quyong Jinyu Cement								
– Solid wastes treatment project	22,700	–	22,051.28	–	–	22,051.28	Self-financing	0.10
Bio-Island								
– Project concerning 10,000 tonnes of mineral oil	49,820	334,340.10	–	–	–	334,340.10	Self-financing	0.67
– Pre-treatment centre project	25,460	13,005,826.72	8,245,793.05	21,251,619.77	–	–	Self-financing	100.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

2014 (continued)

Projects	Budget RMB thousand	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decreases (notes)	Closing balance	Source of funding	Percentage of project investment in budget (%)
Tianjin Zhenxing Cement								
- Composite micro powder project	27,660	105,650.94	1,482,194.99	-	-	1,587,845.93	Self-financing	5.74
- Project concerning clinker storage tent	27,470	-	28,347,508.05	-	-	28,347,508.05	Self-financing	100.00
Beijing Cement Plant								
- Demonstration project for brick making by stone crusher	56,118	33,975,784.58	11,271,061.62	45,246,846.20	-	-	Self-financing	100.00
- Construction project of limestone mine in Xiazhuang	38,320	-	120,000.00	-	-	120,000.00	Self-financing	0.31
- Upgrading of 3# cement grinding to combined grinding	37,800	39,456,477.30	6,065,943.39	45,522,420.69	-	-	Self-financing	100.00
Xuanhua BBMG Cement								
- Project concerning completion of cement production by utilisation of carbide slag	65,000	43,432,719.35	22,151,745.39	49,713,879.36	-	15,870,585.38	Self-financing	100.00
Bo'ai BBMG Cement								
- Upgrading of 2# cement grinding	31,138	-	4,100,000.00	-	-	4,100,000.00	Self-financing	13.17

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

2014 (continued)

Projects	Budget RMB thousand	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decreases (notes)	Closing balance	Source of funding	Percentage of project investment in budget (%)
BBMG Mortar								
- Pinggu production line	46,170	92,000.00	40,435,788.37	38,094,544.37	-	2,433,244.00	Borrowing	87.78
Chengde BBMG Cement								
- 4,000 tonnes/day clinker production line	833,940	730,113,186.60	89,496,152.07	819,609,338.67	-	-	Borrowing	100.00
- Project concerning 400,000 tonnes dry mix mortar	76,720	-	43,733,336.20	-	-	43,733,336.20	Borrowing	57.00
- Treatment of mine environment and other projects	20,440	-	10,416,122.21	-	-	10,416,122.21	Self-financing	50.96
Beijing Aerated Concrete								
- Logistics park	1,369,000	21,513,607.29	146,735,634.54	-	-	168,249,241.83	Fundraising	12.29
Beijing Jinyu Aerated Concrete								
- Phase II of aerated production line	68,560	24,598,257.03	32,251,883.97	56,850,141.00	-	-	Self-financing	82.92
BBMG (Dachang) Modern Industrial Park								
- Tiantan furniture project	338,849	91,395,105.76	40,314,290.42	2,412,876.42	-	129,296,519.76	Fundraising	39.02
Doudian Technology Corporate Management								
- Phase II of the aeration project	61,950	34,000,453.00	22,960,502.75	56,960,955.75	-	-	Borrowing	100.00
- Fire prevention detection project	45,150	30,853,536.84	12,277,976.00	43,131,512.84	-	-	Borrowing	100.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

14. Construction in progress *(continued)*

2014 *(continued)*

Projects	Budget RMB thousand	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decreases (notes)	Closing balance	Source of funding	Percentage of project investment in budget (%)
Xisanqi Heating								
– Gas oil boiler	53,000	628,188.68	35,100,149.12	35,728,337.80	–	–	Self-financing	67.41
Badaling Hot Spring								
– Project concerning the expansion of eastern area	102,800	27,694,399.38	87,132,345.18	114,826,744.56	–	–	Self-financing	100.00
Others		<u>401,693,274.27</u>	<u>384,380,395.54</u>	<u>532,268,529.33</u>	<u>–</u>	<u>253,805,140.48</u>		
Total		<u>1,708,994,999.56</u>	<u>1,230,501,046.63</u>	<u>1,991,746,515.67</u>	<u>103,085,695.84</u>	<u>844,663,834.68</u>		

Note: The stripping of orebody project under construction by Hebei BBMG Dingxin Cement Co., Ltd., a subsidiary of the Company, was completed in the year and transferred to long-term deferred expenditures.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

14. Construction in progress *(continued)*

The analysis of amount and capitalisation rate of borrowing costs included in balances for construction in progress is sets out below:

For the six months ended 30 June 2015

	Progress of works (%)	Accumulated amount of interest capitalised	Of which: interest capitalised for the period	Capitalisation rate for the period (%)
Chengde BBMG Cement				
– Project concerning 400,000 tonnes dry mix mortar	71.89	592,005.55	364,008.89	5.69
BBMG (Dachang)				
Modern Industrial Park				
– Tiantan furniture project	42.72	4,825,752.84	–	–
Tianjin Zhenxing Cement				
– Clinker storage tent	99.99	215,166.66	215,166.66	5.69
Tianjin Zhenxing Cement				
– Collaborative treatment of waste (sludge) by cement kiln	89.83	25,000.01	25,000.01	5.69
Hebei BBMG Dingxin				
– Upgrading of 2nd subsidiary line 1 raw meal ball mill to roller press finish grinding mill	28.32	612,029.67	612,029.67	5.69
Hebei BBMG Dingxin				
– Upgrading of precipitator of 123 company	100.00	92,184.99	92,184.99	5.69
Hebei BBMG Dingxin				
– Upgrading of preheater energy-saving of line 1 & 2 of 1st subsidiary	100.00	122,913.33	122,913.33	5.69
Hebei BBMG Dingxin				
– Upgrading of 2# cement grinding energy-saving of 2nd subsidiary	100.00	52,050.03	52,050.03	5.69
Hebei BBMG Dingxin				
– Technological upgrading of preheater energy-saving of line 1 of 2nd subsidiary	100.00	62,710.87	62,710.87	5.69
		<u>6,599,813.95</u>	<u>1,546,064.45</u>	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

14. Construction in progress *(continued)*

2014

	Progress of works (%)	Accumulated amount of interest capitalised	Of which: interest capitalised for the year	Capitalisation rate for the year (%)
Chengde BBMG Cement				
– Project concerning 400,000 tonnes dry mix mortar	57.00	227,996.66	227,996.66	5.96
BBMG (Dachang) Modern Industrial Park				
– Tiantan furniture project	39.02	4,825,752.84	3,495,502.58	5.96
Beijing Liulihe Cement				
– Project concerning comprehensive utilisation of fly ash	99.00	<u>418,103.12</u>	<u>–</u>	–
		<u>5,471,852.62</u>	<u>3,723,499.24</u>	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

14. Construction in progress *(continued)*

Provision for impairment of construction in progress for the six months ended 30 June 2015:

	Opening and closing balance	Reason for making provisions
Hebei BBMG Dingxin – Project for the first branch	1,299,924.00	Recoverable amount after testing is lower than the carrying amount
Handan BBMG Taihang – Technological upgrading projects of old lines	6,009,693.38	Shut down for years due to problems occurring in technological upgrading
Beijing BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司) – New countryside bulk cement logistics distribution	751,763.47	It is expected that it cannot generate assets due to suspension of construction in progress
Hebei BBMG Dingxin – Assets in Zhuozhou	656,000.00	Recoverable amount after testing is lower than the carrying amount
Jinyu Pinggu Cement – Production line renovation project	1,054,783.21	Dismantlement of the production line
	<u>9,772,164.06</u>	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

15. Construction materials

	30 June 2015	31 December 2014
Special-purpose equipment	21,920,701.88	20,856,003.21
Special-purpose materials	2,972,758.93	865,982.58
Equipment and instruments	2,136,652.37	2,161,107.44
	27,030,113.18	23,883,093.23
Provision for impairment	(13,139,064.84)	(13,139,064.84)
	13,891,048.34	10,744,028.39

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

16. Intangible assets

For the six months ended 30 June 2015

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
Cost						
Opening balance	3,443,490,245.94	40,751,965.17	1,168,057,230.62	16,670,000.00	62,147,164.48	4,731,116,606.21
Addition	75,543,229.86	4,071,200.17	11,384,410.55	-	-	90,998,840.58
Transferred from construction in progress	22,501,190.27	-	-	-	-	22,501,190.27
Business combination not under common control	9,684,742.72	-	15,549,500.00	-	-	25,234,242.72
Closing balance	<u>3,551,219,408.79</u>	<u>44,823,165.34</u>	<u>1,194,991,141.17</u>	<u>16,670,000.00</u>	<u>62,147,164.48</u>	<u>4,869,850,879.78</u>
Accumulated amortisation						
Opening balance	530,702,471.84	24,199,022.04	113,797,236.43	-	37,862,430.47	706,561,160.78
Provision for the period	43,971,733.87	1,888,363.76	7,985,289.11	-	1,062,684.63	54,908,071.37
Closing balance	<u>574,674,205.71</u>	<u>26,087,385.80</u>	<u>121,782,525.54</u>	<u>-</u>	<u>38,925,115.10</u>	<u>761,469,232.15</u>
Provision for impairment						
Opening and closing balance	<u>-</u>	<u>-</u>	<u>40,043,841.71</u>	<u>5,000,000.00</u>	<u>2,310,000.00</u>	<u>47,353,841.71</u>
Book value						
At the end of the period	<u>2,976,545,203.08</u>	<u>18,735,779.54</u>	<u>1,033,164,773.92</u>	<u>11,670,000.00</u>	<u>20,912,049.38</u>	<u>4,061,027,805.92</u>
At the beginning of the period	<u>2,912,787,774.10</u>	<u>16,552,943.13</u>	<u>1,014,216,152.48</u>	<u>11,670,000.00</u>	<u>21,974,734.01</u>	<u>3,977,201,603.72</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

16. Intangible assets *(continued)*

2014

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
Cost						
Opening balance	3,395,593,577.94	35,222,990.60	1,116,003,138.48	16,670,000.00	73,325,133.77	4,636,814,840.79
Addition	108,023,480.52	5,536,636.72	52,233,847.34	-	-	165,793,964.58
Disposal or scrapping	(60,126,812.52)	(7,662.15)	(179,755.20)	-	(11,177,969.29)	(71,492,199.16)
Closing balance	<u>3,443,490,245.94</u>	<u>40,751,965.17</u>	<u>1,168,057,230.62</u>	<u>16,670,000.00</u>	<u>62,147,164.48</u>	<u>4,731,116,606.21</u>
Accumulated amortisation						
Opening balance	474,802,742.33	20,184,075.26	92,959,083.68	-	38,839,660.62	626,785,561.89
Provision for the year	73,151,222.79	4,106,413.82	20,838,152.75	-	1,402,206.15	99,497,995.51
Disposal or scrapping	(17,251,493.28)	(91,467.04)	-	-	(2,379,436.30)	(19,722,396.62)
Closing balance	<u>530,702,471.84</u>	<u>24,199,022.04</u>	<u>113,797,236.43</u>	<u>-</u>	<u>37,862,430.47</u>	<u>706,561,160.78</u>
Provision for impairment						
Opening and closing balance	<u>-</u>	<u>-</u>	<u>40,043,841.71</u>	<u>5,000,000.00</u>	<u>2,310,000.00</u>	<u>47,353,841.71</u>
Book value						
At the end of the year	<u>2,912,787,774.10</u>	<u>16,552,943.13</u>	<u>1,014,216,152.48</u>	<u>11,670,000.00</u>	<u>21,974,734.01</u>	<u>3,977,201,603.72</u>
At the beginning of the year	<u>2,920,790,835.61</u>	<u>15,038,915.34</u>	<u>983,000,213.09</u>	<u>11,670,000.00</u>	<u>32,175,473.15</u>	<u>3,962,675,437.19</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

16. Intangible assets *(continued)*

All land use rights owned by the Group are within the PRC and are analysed as follows according to the remaining useful lives:

	30 June 2015	31 December 2014
Less than 50 years	2,967,793,328.90	2,904,035,899.92
Longer than 50 years (inclusive)	8,751,874.18	8,751,874.18
Total	2,976,545,203.08	2,912,787,774.10

For the six months ended 30 June 2015, the useful life of trademark rights with a carrying amount of RMB11,670,000.00 was indefinite (31 December 2014: RMB11,670,000.00). The Group can apply for extension at the expiration of protection periods of trademark rights with lower handling fees, and according to comprehensive judgment of product life cycle, market conditions and other factors, these trademark rights will bring economic benefits to the Group during indefinite periods.

As at 30 June 2015, intangible assets for which the procedures for title certificates were yet to be completed were as follows:

	Carrying amount	Reasons for the absence of title certificates
Land use rights and exploration rights of the old factory of Zuoquan BBMG Cement	122,293,375.20	In process
Land use rights and exploration rights of Xingtai BBMG Yongning	24,888,296.11	In process

As at 30 June 2015, intangible assets—land use rights with carrying amount of RMB18,549,584.52 were pledged as guarantee for the Group's bank loans (31 December 2014: Nil) (Note V.62).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

17. Goodwill

Asset group	30 June 2015	31 December 2014
Hebei BBMG Dingxin Cement Co., Ltd.	189,815,999.91	189,815,999.91
Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd.	3,967,009.95	3,967,009.95
Handan BBMG Taihang Cement Co., Ltd.	26,884,752.28	26,884,752.28
Beijing Taihang Qianjing Cement Co., Ltd.	9,482,871.64	9,482,871.64
Baoding Taihang Heyi Cement Co., Ltd.	11,428,946.82	11,428,946.82
Handan Taihang Cement Co., Ltd.	522,323.32	522,323.32
Beijing Qianglian Cement Co., Ltd.	2,742,710.29	2,742,710.29
Tianjin Zhenxing Cement Co., Ltd.	10,931,009.96	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	56,276,121.38	56,276,121.38
	312,051,745.55	312,051,745.55
Provision for impairment	(50,942,136.98)	(50,942,136.98)
	261,109,608.57	261,109,608.57

Measurement basis and major assumptions for determining the recoverable amount of the above assets groups are as follows:

The recoverable amounts of the above assets groups are recognised according to their present value of estimated future cash flows, which are based on the five-year financial budget approved by the management at a discount rate of 12% – 14% (2014: 12% – 13%). The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1% (2014: 1%) per annum. Other key assumptions adopted during the evaluation include the estimated cash inflows and outflows relevant to the estimated income and estimated gross profit, and the above assumptions are based on the previous performance of these assets groups and the management's expectations on market development.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

18. Long-term deferred expenditures

For the six months ended 30 June 2015

	Opening balance	Increase in the period	Amortisation for the period	Closing balance
Decoration expenses	101,493,488.57	1,872,909.97	11,289,803.97	92,076,594.57
Leasehold improvement for fixed assets rented	9,725,415.39	311,286.53	1,521,124.74	8,515,577.18
Land lease prepayments	20,519,265.16	1,169,357.68	870,236.03	20,818,386.81
Cost of stripping mines	138,051,680.93	–	4,436,355.64	133,615,325.29
Others	71,663,999.96	10,342,649.96	14,946,146.21	67,060,503.71
	341,453,850.01	13,696,204.14	33,063,666.59	322,086,387.56
Including: Amount categorised as current assets to be amortised within one year (Note V. 9)	(51,676,745.84)			(42,634,407.78)
Non-current assets portion	289,777,104.17			279,451,979.78

2014

	Opening balance	Increase in the year	Amortisation for the year	Closing balance
Decoration expenses	94,777,887.19	31,718,927.50	25,003,326.12	101,493,488.57
Leasehold improvement for fixed assets rented	12,584,984.79	773,712.07	3,633,281.47	9,725,415.39
Land lease prepayments	21,318,569.71	3,398,672.88	4,197,977.43	20,519,265.16
Cost of stripping mines	42,487,262.22	110,712,925.18	15,148,506.47	138,051,680.93
Others	63,391,979.29	43,379,100.65	35,107,079.98	71,663,999.96
	234,560,683.20	189,983,338.28	83,090,171.47	341,453,850.01
Less: Amount categorised as current assets to be amortised within one year	(29,866,506.29)			(51,676,745.84)
Non-current assets portion	204,694,176.91			289,777,104.17

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

19. Deferred income tax assets/liabilities

	30 June 2015		31 December 2014	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
Provision for LAT	2,303,911,822.44	575,977,955.61	1,933,592,588.08	483,398,147.02
Deductible tax losses	999,929,507.44	249,982,376.86	805,209,167.64	201,302,291.91
Provisions for impairment of assets	523,228,091.72	130,807,022.93	461,011,249.24	115,252,812.31
Accrual of property development cost	1,433,301,301.48	358,325,325.37	1,651,599,904.00	412,899,976.00
Unrealised profits and losses of internal transactions	404,933,223.16	101,233,305.79	658,846,866.60	164,711,716.65
Others	95,325,682.36	23,831,420.59	93,416,238.28	23,354,059.57
	5,760,629,628.60	1,440,157,407.15	5,603,676,013.84	1,400,919,003.46

Note: The management of the Group considers it is probable that sufficient taxable profit will be available in the future to offset the deductible temporary differences and hence the above deferred tax assets are recognised.

	30 June 2015		31 December 2014	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred income tax liabilities				
Revaluation of investment properties	7,142,237,429.61	1,782,426,270.58	6,881,625,459.26	1,717,140,788.40
Accumulated differences arising from deductible depreciation expenses	1,382,638,827.88	345,659,706.97	1,389,977,600.20	347,494,400.05
Fair value adjustment arising from business combination	715,586,628.40	178,896,657.10	719,665,612.52	179,916,403.13
Deferred relocation compensation income	1,045,132,851.16	261,283,212.79	1,045,132,851.17	261,283,212.79
Others	155,286,770.03	41,954,779.33	168,268,101.45	45,332,601.78
	10,440,882,507.08	2,610,220,626.77	10,204,669,624.60	2,551,167,406.15

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

19. Deferred income tax assets/liabilities *(continued)*

Deductible tax losses and temporary differences of unrecognised deferred income tax assets are as follows:

	30 June 2015	31 December 2014
Deductible tax losses	1,329,725,698.43	749,376,007.82
Deductible temporary differences	551,012,992.57	612,816,931.86
	1,880,738,691.00	1,362,192,939.68

The deductible tax losses that are not recognised as deferred income tax assets will expire in the following years:

	30 June 2015	31 December 2014
2015	16,149,667.58	16,149,667.59
2016	25,262,717.52	25,262,717.52
2017	168,281,878.01	168,281,878.01
2018	280,234,103.60	281,443,670.32
2019	339,468,226.35	258,238,074.38
2020	500,329,105.37	–
	1,329,725,698.43	749,376,007.82

20. Other non-current assets

	30 June 2015	31 December 2014
Prepayment for acquisition and construction of machinery and equipment	23,854,130.00	23,854,130.00
Commercial buildings with repurchase terms (note)	399,693,905.34	375,684,864.71
	423,548,035.34	399,538,994.71

Note: Chongqing BBMG Dacheng Shanshui Properties Co., Ltd., a sub-subsidiary of the Company, entered into an en bloc sales agreement for a commercial property in Chongqing. As the agreement provided for a possible repurchase after five years, management classified and presented the relevant commercial property with a carrying amount of RMB399,693,905.34 as other non-current assets. The relevant receipts in advance were classified and presented as other non-current liabilities.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

21. Provisions for impairment of assets

For the six months ended 30 June 2015

	Opening balance	Provision for the period	Transferred in upon acquisition of subsidiaries	Disposal of subsidiaries	Reversal for the period	Write-off for the period	Closing balance
Provision for bad debts:	512,579,463.74	35,459,409.65	150,000.00	-	(9,355,887.47)	(365,827.72)	538,467,158.20
Of which: Accounts receivable	380,590,250.26	34,762,447.05	150,000.00	-	(2,302,352.71)	(98,232.33)	413,102,112.27
Other receivables	131,989,213.48	696,962.60	-	-	(7,053,534.76)	(267,595.39)	125,365,045.93
Provision for decline in value of inventories	136,000,618.23	2,761,447.24	-	-	(3,008,581.22)	(24,281,957.96)	111,471,526.29
Provision for impairment of available-for-sale financial assets	6,304,165.76	-	-	-	-	-	6,304,165.76
Provision for impairment of long-term equity investments	5,469,434.67	-	-	-	-	-	5,469,434.67
Provision for impairment of fixed assets	343,209,428.09	-	-	-	-	(945,699.33)	342,263,728.76
Provision for impairment of construction materials	13,139,064.84	-	-	-	-	-	13,139,064.84
Provision for impairment of construction in progress	9,772,164.06	-	-	-	-	-	9,772,164.06
Provision for impairment of intangible assets	47,353,841.71	-	-	-	-	-	47,353,841.71
Provision for impairment of goodwill	50,942,136.98	-	-	-	-	-	50,942,136.98
	<u>1,124,770,318.08</u>	<u>38,220,856.89</u>	<u>150,000.00</u>	<u>-</u>	<u>(12,364,468.69)</u>	<u>(25,593,485.01)</u>	<u>1,125,183,221.27</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

21. Provisions for impairment of assets *(continued)*

2014

	Opening balance	Provision for the year	Acquisition of subsidiaries	Disposal of subsidiaries	Reversal for the year	Write-off for the year	Closing balance
Provision for bad debts:	451,612,098.35	106,723,297.84	-	-	(42,811,596.97)	(2,944,335.48)	512,579,463.74
Of which: Accounts receivable	331,577,447.00	90,855,743.03	-	-	(39,657,429.33)	(2,185,510.44)	380,590,250.26
Other receivables	120,034,651.35	15,867,554.81	-	-	(3,154,167.64)	(758,825.04)	131,989,213.48
Provision for decline in value of inventories	43,970,478.40	95,094,583.43	-	-	(74,564.00)	(2,989,879.60)	136,000,618.23
Provision for impairment of available-for-sale financial assets	6,013,118.54	291,047.22	-	-	-	-	6,304,165.76
Provision for impairment of long-term equity investments	5,469,434.67	-	-	-	-	-	5,469,434.67
Provision for impairment of fixed assets	377,069,601.60	4,329,345.12	-	-	-	(38,189,518.63)	343,209,428.09
Provision for impairment of construction materials	16,340,726.33	433,147.13	-	-	-	(3,634,808.62)	13,139,064.84
Provision for impairment of construction in progress	9,772,164.06	-	-	-	-	-	9,772,164.06
Provision for impairment of intangible assets	47,353,841.71	-	-	-	-	-	47,353,841.71
Provision for impairment of goodwill	4,489,333.27	46,452,803.71	-	-	-	-	50,942,136.98
	<u>962,090,796.93</u>	<u>253,324,224.45</u>	<u>-</u>	<u>-</u>	<u>(42,886,160.97)</u>	<u>(47,758,542.33)</u>	<u>1,124,770,318.08</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

22. Short-term loans

	30 June 2015	31 December 2014
Guaranteed loans (Note 1)	197,000,000.00	227,000,000.00
Credit loans	13,860,978,000.00	10,805,152,900.00
Mortgaged loans (Note 2)	567,798,720.00	598,500,000.00
Pledged loans (Note 3)	18,713,090.68	4,983,581.02
	<u>14,644,489,810.68</u>	<u>11,635,636,481.02</u>

Note 1: As at 30 June 2015, the guaranteed loans were guaranteed by the Company and its subsidiaries.

Note 2: Details and values of the collaterals for mortgaged loans of the Group as at 30 June 2015 are set out in note V.62.

Note 3: As at 30 June 2015, pledged loans of the Group were obtained by discounting the bills receivable of the Group's subsidiaries. Values of the collaterals for pledged loans are set out in note V.62.

As at 30 June 2015, the above loans bore interest rates of 3.95%-13.57% (31 December 2014: 3.95%-8.0%) per annum.

As at 30 June 2015, the Group had no outstanding short-term loans that were due.

23. Bills payable

	30 June 2015	31 December 2014
Bank acceptance bills	325,891,000.00	231,215,529.94
Commercial acceptance bills	1,000,000.00	6,000,000.00
	<u>326,891,000.00</u>	<u>237,215,529.94</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

24. Accounts payable

Accounts payable are non-interest bearing and shall generally be paid within 90 days.

An aging analysis of accounts payable is as follows:

	30 June 2015	31 December 2014
Within 1 year	6,882,816,269.30	7,245,401,853.28
1 to 2 years	1,055,398,209.28	1,192,618,646.19
2 to 3 years	695,971,414.65	661,708,058.41
Over 3 years	158,258,977.33	197,819,647.14
	8,792,444,870.56	9,297,548,205.02

Please refer to note X "Related Party Relationships and Transactions" for accounts payable to related parties as at 30 June 2015.

As at 30 June 2015, significant accounts payable aging over 1 year were as follows:

	Relationship with the Group	Amount	Percentage of total accounts payable (%)	Reasons for non-payment
Customer 1	Third party	130,865,832.57	1.49	Undue
Customer 2	Third party	58,550,376.02	0.66	Undue
Customer 3	Third party	50,151,759.21	0.57	Undue
Customer 4	Third party	46,848,864.48	0.53	Undue
Customer 5	Third party	44,706,482.34	0.51	Undue

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

25. Advances from customers

An aging analysis on receipts in advance is as follows:

	30 June 2015	31 December 2014
Within 1 year	15,678,571,068.94	15,880,877,699.74
1 to 2 years	405,500,436.85	315,576,441.44
2 to 3 years	88,016,028.15	316,923,033.99
Over 3 years	22,772,831.26	16,291,110.46
	<u>16,194,860,365.20</u>	<u>16,529,668,285.63</u>

An analysis on receipts in advance by nature is as follows:

	30 June 2015	31 December 2014
Advances on sale of goods	889,487,046.01	1,275,459,155.09
Advances on pre-sale of properties	14,795,587,619.25	14,716,828,867.55
Advances on construction costs	108,661,742.53	89,947,788.57
Advances on rents and property fees	401,123,957.41	447,432,474.42
	<u>16,194,860,365.20</u>	<u>16,529,668,285.63</u>

Please refer to Note X "Related Party Relationships and Transactions" for receipts in advance from related parties as at 30 June 2015.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Advances from customers (continued)

Details of advances on pre-sale of properties are as follows:

Projects	Expected settlement date of the next batch	Proportion of the pre-sales	30 June 2015	31 December 2014
Beijing – Chaoyang New City Group EFG	December 2015	100%	70,805,927.67	50,259,788.75
Beijing – Chaoyang New City Group D	September 2015	51%	618,031,605.83	103,138,320.00
Beijing – Jinyu Town-House	September 2015	100%	12,609,436.24	19,913,809.18
Beijing – Tuqiao Huashijiang	September 2015	99%	415,372,464.57	956,910,726.23
Beijing – Tuqiao Tongheyuan	September 2015	100%	6,657,074.39	7,747,415.89
Beijing – Kanghuiyuan	September 2015	97%	8,518,311.10	4,888,394.44
Beijing – Taiheyuan	September 2015	100%	–	20,985,602.40
Beijing – Tuqiao Ziyouzhu	September 2015	93%	24,509,110.63	81,759,375.99
Beijing – Binheyuan	September 2015	98%	9,756,156.30	33,419,442.21
Beijing – Ruiheyuan	September 2015	100%	265,912,449.60	296,630,054.08
Beijing – Meiheyuan	September 2015	99%	10,390,882.07	10,170,882.07
Beijing – Jiaheyuan	September 2015	100%	338,426,551.20	340,080,819.76
Beijing – Jinyu Lanwan	September 2015	54%	256,303,478.38	490,957,550.40
Hangzhou – Guanlan Times	December 2015	67%	103,322,271.00	169,244,818.00
Hangzhou – Banshan project	December 2016	24%	161,546,584.00	148,294,347.00
Beijing – Chang'an New City	September 2015	100%	16,594,568.26	16,594,568.26
Beijing – Dachengjun	December 2015	99%	18,425,469.00	28,188,063.00
Beijing – Liyuan Jincheng Centre	September 2015	100%	141,402,470.00	77,005,400.00
Beijing – Guogongzhuang project	December 2015	100%	490,771,078.00	969,335,443.00
Tianjin – Jinyu Yuecheng	December 2015	80%	1,283,113,075.00	1,010,031,870.00
Inner Mongolia – Jinyu Times City	September 2015	99%	20,701,235.37	40,104,764.28
Inner Mongolia – Jinyu Elegancy City	September 2015	58%	173,472,307.54	209,059,092.19
Inner Mongolia – Jinyu Global Finance Centre (金隅環球金融中心)	September 2015	14%	20,575,993.67	6,700,918.53
Tangshan – Jinyu Lefu	July 2015	35%	79,352,015.92	95,248,032.93
Beijing – Jinyu Feili	December 2015	71%	431,468,205.94	1,775,538,585.00
Beijing – Jinyu Vanke City	August 2015	100%	20,508,333.00	57,489,451.00
Haikou – Meilinghu	December 2015	100%	6,122,226.01	2,202,226.00
Haikou – Xixili	December 2015	34%	207,477,301.00	77,426,887.00
Chongqing – Times Metro	September 2015	44%	422,133,122.60	331,550,377.60
Chongqing – Nanshanjun	September 2015	28%	251,627,892.12	186,183,943.12
Chengdu – Shuangliu project	December 2015	92%	76,639,008.00	156,782,857.86
Beijing – I Cube	August 2015	99%	32,019,309.12	278,568,035.00
Qingdao – Site in Jिंगgangshan Rd.	August 2015	83%	140,919,235.99	131,831,194.88
Ma'anshan – Project at the Eastern Foot of Jiashan Hill (佳山)	September 2015	43%	340,580,320.00	234,112,760.00
Beijing – Changyang Polytechnic University Land No.1	June 2016	100%	1,031,905,508.00	709,225,812.00
Tianjin Jinyu Mantang	December 2015	55%	921,389,929.00	446,957,700.00
Beijing-Tuqiao Phase III	September 2015	72%	21,703,805.62	505,181,423.66
Beijing – Jinyu Huixingyuan	September 2015	100%	2,834,832,605.81	1,684,223,820.00
Beijing – Jinyu Huijingyuan	September 2015	100%	3,100,536,310.00	2,805,452,720.00
Dacheng International	September 2015	100%	91,483,920.00	90,483,920.00
Nanjing-Jinyu Zijinfu (金隅紫京府)	September 2017	13%	292,915,233.12	–
Others			24,754,838.18	56,947,655.84
Total			14,795,587,619.25	14,716,828,867.55

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

26. Wages payable

For the six months ended 30 June 2015

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Short-term remuneration	115,224,822.08	1,336,895,575.36	1,346,145,508.81	105,974,888.63
Post-employment benefits (defined contribution plan)	9,354,437.82	162,739,453.16	161,242,755.36	10,851,135.62
	<u>124,579,259.90</u>	<u>1,499,635,028.52</u>	<u>1,507,388,264.17</u>	<u>116,826,024.25</u>

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term remuneration	132,487,247.05	2,543,376,704.48	2,560,639,129.45	115,224,822.08
Post-employment benefits (defined contribution plan)	11,374,401.12	321,918,805.30	323,938,768.60	9,354,437.82
Termination benefits	–	31,003,660.90	31,003,660.90	–
	<u>143,861,648.17</u>	<u>2,896,299,170.68</u>	<u>2,915,581,558.95</u>	<u>124,579,259.90</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

26. Wages payable *(continued)*

Details of short-term remunerations are as follows:

For the six months ended 30 June 2015

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Salaries, bonuses, allowances and subsidies	69,597,141.90	1,063,415,866.00	1,071,743,620.00	61,269,387.90
Staff welfare	-	54,419,514.82	54,419,514.82	-
Social insurance	15,177,467.77	111,242,617.95	112,294,937.84	14,125,147.88
Including: Medical insurance	13,364,435.63	97,743,433.52	98,683,027.48	12,424,841.67
Work injury insurance	1,384,252.12	7,869,404.25	8,099,489.15	1,154,167.22
Maternity insurance	428,780.02	5,629,780.18	5,512,421.21	546,138.99
Housing funds	3,385,518.00	78,516,744.00	77,733,441.00	4,168,821.00
Union fund and employee education fund	23,530,812.57	22,678,843.00	22,686,308.13	23,523,347.44
Others	3,533,881.84	6,621,989.59	7,267,687.02	2,888,184.41
	<u>115,224,822.08</u>	<u>1,336,895,575.36</u>	<u>1,346,145,508.81</u>	<u>105,974,888.63</u>

As at 30 June 2015, there was no wages payable in arrears, and all balances are expected to be paid within one year.

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	74,230,104.91	1,999,505,618.33	2,004,138,581.34	69,597,141.90
Staff welfare	4,699,980.41	120,952,742.63	125,652,723.04	-
Social insurance	23,062,347.38	204,117,606.58	212,002,486.19	15,177,467.77
Including: Medical insurance	21,263,097.80	178,449,147.50	186,347,809.67	13,364,435.63
Work injury insurance	1,209,039.32	14,754,560.73	14,579,347.93	1,384,252.12
Maternity insurance	590,210.26	10,913,898.35	11,075,328.59	428,780.02
Housing funds	5,289,007.00	154,664,027.00	156,567,516.00	3,385,518.00
Union fund and employee education fund	21,499,714.24	48,336,357.11	46,305,258.78	23,530,812.57
Others	3,706,093.11	15,800,352.83	15,972,564.10	3,533,881.84
	<u>132,487,247.05</u>	<u>2,543,376,704.48</u>	<u>2,560,639,129.45</u>	<u>115,224,822.08</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

26. Wages payable *(continued)*

Details of the defined contribution plan are as follows:

For the six months ended 30 June 2015

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Basic pension	8,363,743.34	133,780,539.89	132,367,184.33	9,777,098.90
Unemployment insurance	990,694.48	9,810,265.32	9,478,021.43	1,322,938.37
Enterprise annuity payment	–	19,148,647.95	19,397,549.60	(248,901.65)
	<u>9,354,437.82</u>	<u>162,739,453.16</u>	<u>161,242,755.36</u>	<u>10,851,135.62</u>

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic pension	10,364,400.92	260,385,510.57	262,386,168.15	8,363,743.34
Unemployment insurance	1,010,000.20	19,373,700.04	19,393,005.76	990,694.48
Enterprise annuity payment	–	42,159,594.69	42,159,594.69	–
	<u>11,374,401.12</u>	<u>321,918,805.30</u>	<u>323,938,768.60</u>	<u>9,354,437.82</u>

27. Tax payable

	30 June 2015	31 December 2014
VAT	(177,346,500.93)	(245,147,313.63)
Business tax	152,399,486.12	124,955,318.46
Corporate income tax	350,440,434.43	615,401,633.08
Individual income tax	6,463,637.77	10,683,999.22
City maintenance and construction tax	14,523,100.45	11,946,839.83
Education surcharges	10,766,224.40	9,779,347.95
Resource tax	6,023,964.88	14,365,351.12
Land appreciation tax	62,168,914.20	102,397,072.78
Urban and rural land use tax	4,758,948.26	4,699,643.58
Real estate tax	4,316,019.06	4,243,276.53
Others	7,888,765.53	166,623,457.89
	<u>442,402,994.17</u>	<u>819,948,626.81</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

28. Interest payable

	30 June 2015	31 December 2014
Interest on borrowings	90,473,044.16	34,757,435.49
Of which: Interest on long-term borrowings	7,497,379.17	14,179,935.22
Interest on short-term borrowings	82,975,664.99	20,577,500.27
Interest of corporate bonds	512,099,398.77	458,535,787.67
	602,572,442.93	493,293,223.16

29. Dividends payable

	30 June 2015	31 December 2014
Sinoma	16,770,600.00	16,770,600.00
Other shareholders of the Company	58,162,814.38	4,529,608.09
Dividends payable to non-controlling shareholders	105,606,159.60	34,222,034.61
	180,539,573.98	55,522,242.70

30. Other payables

An aging analysis of other payables is as follows:

	30 June 2015	31 December 2014
Within 1 year	3,364,280,267.51	1,551,478,821.37
1 to 2 years	798,608,211.80	956,705,882.29
2 to 3 years	66,264,988.12	332,843,449.12
Over 3 years	373,527,715.45	237,315,286.45
	4,602,681,182.88	3,078,343,439.23

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

30. Other payables *(continued)*

An analysis on other payables by nature is as follows:

	30 June 2015	31 December 2014
Payables to related parties (Note X.7)	208,259,121.34	90,536,318.61
Construction costs payable	146,700,664.55	151,485,625.56
Payables for acquisition of equity investments	136,204,385.88	89,821,576.90
Payables for relocation compensation	155,944,911.03	148,475,199.63
Payables for land use right	86,687,419.01	86,687,419.01
Deposits	836,878,970.89	843,947,699.98
Amounts collected on behalf and temporary receipts	1,995,151,853.89	649,810,861.62
Current portion of net liabilities of defined benefit plan (Note V.36)	40,124,843.00	40,469,114.00
Others	996,729,013.29	977,109,623.92
	4,602,681,182.88	3,078,343,439.23

As at 30 June 2015, significant other payables aging more than one year were as follows:

	Relationship with the Group	Amount	Percentage of total other payable (%)	Reasons for non-payment
Customer 1	Third party	148,492,248.52	3.23	Not yet settled
Customer 2	Third party	103,250,000.00	2.25	Not yet settled
Customer 3	Third party	80,756,659.58	1.76	Not yet settled
Customer 4	Third party	57,276,993.00	1.25	Not yet settled
Customer 5	Third party	28,187,208.30	0.61	Not yet settled

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

31. Non-current liabilities due within one year

	30 June 2015	31 December 2014
Long-term loans due within one year (Note 1)	5,060,120,000.00	3,313,420,000.00
Bonds payable due within one year	4,681,273,744.80	2,800,000,000.00
Long-term payables due within one year	3,195,303.54	3,093,981.62
	<u>9,744,589,048.34</u>	<u>6,116,513,981.62</u>

Note 1:

	30 June 2015	31 December 2014
Mortgaged loans (Note 2)	1,365,000,000.00	1,215,920,000.00
Credit loans	1,660,000,000.00	1,050,000,000.00
Guaranteed loans (Note 3)	2,035,120,000.00	1,047,500,000.00
	<u>5,060,120,000.00</u>	<u>3,313,420,000.00</u>

Note 2: Collaterals and their value for mortgaged loans of the Group as at 30 June 2015 are detailed in Note V.62.

Note 3: As at 30 June 2015, an amount of RMB960,800,000.00 (31 December 2014: RMB141,600,000.00) in the long-term loans due within one year was guaranteed by BBMG Group.

32. Other current liabilities

	30 June 2015	31 December 2014
Deferred income (Note V. 38)	42,632,562.92	50,233,453.43
Accrued expenses	4,927,569,625.72	4,475,152,907.48
Of which: Accrued development cost	2,402,270,513.95	2,354,163,715.43
Accrued LAT	2,397,051,985.95	2,016,392,553.19
Accrued costs for treatment of solid waste	70,394,578.16	37,146,667.17
Other accrued expenses	57,852,547.66	67,449,971.69
	<u>4,970,202,188.64</u>	<u>4,525,386,360.91</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

32. Other current liabilities *(continued)*

Details of deferred income are as follows:

	30 June 2015	31 December 2014
Government grants related to assets		
Environmental protection projects	20,191,732.73	24,274,517.19
Cogeneration projects	2,931,562.12	4,240,700.00
Relocation compensation	9,373,319.40	9,373,319.40
Others	6,185,127.54	8,312,962.38
Government grants related to income		
Research and development funds	3,950,821.13	4,031,954.46
	42,632,562.92	50,233,453.43

33. Long-term loans

	30 June 2015	31 December 2014
Mortgaged loans (Note 1)	3,104,000,000.00	4,629,500,000.00
Guaranteed loans (Note 2)	–	840,000,000.00
Credit loans	660,000,000.00	1,310,000,000.00
	3,764,000,000.00	6,779,500,000.00

Note 1: Collaterals and their value for mortgaged loans of the Group as at 30 June 2015 are detailed in Note V. 62.

Note 2: As at 30 June 2015, no guaranteed loans (31 December 2014: RMB840,000,000.00) were guaranteed by BBMG Group.

As at 30 June 2015, the above loans bore an interest rate of 5.18%-6.55% (31 December 2014: 5.54%-6.55%) per annum.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

34. Bonds payable

	30 June 2015	31 December 2014
Non-current portion:		
Corporate bonds	–	1,869,911,156.24
Medium-term notes	7,000,000,000.00	7,000,000,000.00
Private placement bonds	4,700,000,000.00	200,000,000.00
	<u>11,700,000,000.00</u>	<u>9,069,911,156.24</u>
Current portion:		
Short-term financing bonds	1,000,000,000.00	6,600,000,000.00
Bonds payable due within one year (Note V.31)	4,681,273,744.80	2,800,000,000.00
	<u>5,681,273,744.80</u>	<u>9,400,000,000.00</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Bonds payable (continued)

As at the six months ended 30 June 2015

	Par value	Issuance date	Term	Issuance amount	Balance as at beginning of the period	Issuance amount for the period	Interest charged for the period	Amortisation of discount/premium	Repayment for the period	Reclassified to due within one year	Closing balance
Non-current portion:											
1) 2009 BBMG Bond	RMB1.9 billion	27 April 2014	2 years	1,900,000,000.00	1,869,911,156.24	-	41,040,000.00	11,362,598.56	-	(1,881,273,744.80)	-
2) RMB2 billion medium-term notes	RMB2 billion	29 September 2010	5 years	2,000,000,000.00	-	-	43,800,000.00	-	-	(2,000,000,000.00)	-
2) RMB800 million medium-term notes	RMB800 million	7 December 2010	5 years	800,000,000.00	-	-	23,400,000.00	-	-	(800,000,000.00)	-
3) RMB2 billion medium-term notes	RMB2 billion	20 September 2012	5 years	2,000,000,000.00	2,000,000,000.00	-	55,800,000.00	-	-	-	2,000,000,000.00
5) RMB1.5 billion medium-term notes	RMB1.5 billion	14 October 2013	5 years	1,500,000,000.00	1,500,000,000.00	-	43,500,000.00	-	-	-	1,500,000,000.00
6) RMB2 billion medium-term notes	RMB2 billion	15 October 2014	5 years	2,000,000,000.00	2,000,000,000.00	-	53,500,000.00	-	-	-	2,000,000,000.00
6) RMB1.5 billion medium-term notes	RMB1.5 billion	17 November 2014	5 years	1,500,000,000.00	1,500,000,000.00	-	39,750,000.00	-	-	-	1,500,000,000.00
7) RMB100 million private placement bonds	RMB100 million	26 December 2014	2 years	100,000,000.00	100,000,000.00	-	3,895,833.32	-	-	-	100,000,000.00
7) RMB100 million private placement bonds	RMB100 million	26 December 2014	2 years	100,000,000.00	100,000,000.00	-	3,873,287.67	-	-	-	100,000,000.00
8) RMB200 million private placement bonds	RMB200 million	6 February 2015	3 years	2,000,000,000.00	-	2,000,000,000.00	44,000,000.00	-	-	-	2,000,000,000.00
8) RMB250 million private placement bonds	RMB250 million	20 March 2015	3 years	2,500,000,000.00	-	2,500,000,000.00	38,675,000.00	-	-	-	2,500,000,000.00
Current portion:											
4) RMB2.6 billion short-term financing bonds	RMB2.6 billion	23 January 2014	1 year	2,600,000,000.00	2,600,000,000.00	-	10,797,222.22	-	(2,600,000,000.00)	-	-
4) RMB2 billion short-term financing bonds	RMB2 billion	17 March 2014	1 year	2,000,000,000.00	2,000,000,000.00	-	23,180,000.00	-	(2,000,000,000.00)	-	-
4) RMB1 billion short-term financing bonds	RMB1 billion	4 May 2014	1 year	1,000,000,000.00	1,000,000,000.00	-	18,130,555.56	-	(1,000,000,000.00)	-	-
4) RMB1 billion short-term financing bonds	RMB1 billion	1 September 2014	1 year	1,000,000,000.00	1,000,000,000.00	-	24,850,000.00	-	-	-	1,000,000,000.00
				23,000,000,000.00	15,669,911,156.24	4,500,000,000.00	468,191,898.77	11,362,598.56	(5,600,000,000.00)	(4,681,273,744.80)	12,700,000,000.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

34. Bonds payable *(continued)*

- 1) Pursuant to the approval document (Fa Gai Cai Jin [2009] No.1009) issued by National Development and Reform Commission on 27 April 2009, the Company issued the 2009 corporate bonds of BBMG Corporation ("2009 BBMG Bond") in open market, totaling RMB1,900,000,000 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 notice through the website of China Bond (www.chinabond.com.cn) reminding investors of 2009 BBMG Bond (098064) to exercise their sale back rights. Of the total, the amount of bonds on which bond holders exercised their sale back rights was RMB1,370,000,000, and the amount of bonds on which bond holders did not exercise such rights was RMB530,000,000. In respect of the RMB1,370,000,000 worth of bonds on which sale back rights were exercised, the Company re-sold such portion of bonds with the same nominal interest rate of 4.32% on 27 April 2014, and actual interest rate was 6.15%. The maturity date of the original RMB530,000,000 worth of bonds and the RMB1,370,000,000 worth of bonds re-sold is 27 April 2016.
- 2) Upon consideration and approval by the 2009 annual general meeting of the Company held on 29 June 2010, the Company intended to issue medium-term notes of no more than RMB3,400,000,000 with a maturity of 5 years. On 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, which would be valid for 2 years, and may be issued in tranches within the validity period of the registration. On 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%. On 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%.
- 3) Upon consideration and approval by the 2011 annual general meeting of the Company held on 24 May 2012, the Company intended to issue bonds (including short-term financing bonds and medium-term notes) of no more than RMB3,000,000,000. Pursuant to the file Zhong Shi Xie Zhu [2012] No. MTN241 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes totaling RMB2,000,000,000 on 20 September 2012 with a term of 5 years and a coupon of 5.58%.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

34. Bonds payable *(continued)*

- 4) Upon consideration and approval by the 19th meeting of the 2nd session of the Board held on 28 August 2012 and the first extraordinary general meeting in 2012 held on 26 October 2012, the Company intended to issue short-term financing bonds of no more than RMB7,600,000,000. Pursuant to the document Zhong Shi Xie Zhu [2014] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of short-term financing bonds for 2014 on 23 January 2014, totaling RMB2,600,000,000 with a coupon of 6.5%. The Company issued its second tranche of short-term financing bonds for 2014 on 17 March 2014, totaling RMB2,000,000,000 with a coupon of 5.49%; the Company issued its third tranche of short-term financing bonds for 2014 on 4 May 2014, totaling RMB1,000,000,000 with a coupon of 5.35%; and the Company issued its fourth tranche of short-term financing bonds for 2014 on 1 September 2014, totaling RMB1,000,000,000 with a coupon of 4.97%.
- 5) Pursuant to the document Zhong Shi Xie Zhu [2013] No. MTN279 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes for 2013 on 14 October 2013, totaling RMB1,500,000,000 with a term of 5 years and a coupon of 5.8%.
- 6) Pursuant to the document Zhong Shi Xie Zhu [2014] No. MTN316 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of medium-term notes for 2014 on 15 October 2014, totaling RMB2,000,000,000 with a term of 5 years and a coupon of 5.35%; and the Company issued its second tranche of medium-term notes for 2014 on 17 November 2014, totaling RMB1,500,000,000 with a term of 5 years and a coupon of 5.3%.
- 7) As approved at the fifteenth meeting of the third session of the Board of the Company on 23 December 2014, Beijing Building Material Test Centre Co., Ltd. ("Building Material Test Centre"), Beijing BBMG Cement Energy Saving Technology Co., Ltd. ("Cement Energy Saving Technology"), all being wholly-owned subsidiaries of the Company, issued SME private placement bonds on Beijing Equity Exchange Centre Co. Ltd., with an intended total issue size of RMB200,000,000, of which Building Material Test Centre issued RMB100,000,000 on 26 December 2014 and Cement Energy Saving Technology issued RMB100,000,000 on 27 December 2014, respectively. The bonds have a maturity of 2 years with a coupon of 7.5%.
- 8) Pursuant to the document Zhong Shi Xie Zhu [2014] No. PPN570 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of private placement notes for 2015 on 5 February 2015, totaling RMB2,000,000,000 with a term of 3 years and a coupon of 5.50%; and the Company issued its second tranche of private placement notes for 2015 on 19 March 2015, totaling RMB2,500,000,000 with a term of 3 years and a coupon of 5.46%.

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

35. Long-term payables

	30 June 2015	31 December 2014
Finance leases	20,730,882.06	22,209,372.56

BBMG Badaling Hot Spring Resort Co., Ltd., a subsidiary of the Company, rented geothermal well equipment in 2013 under finance lease. The value of the fixed asset under finance lease initially recognised was RMB29,168,129.40, with a lease period of 8 years and the unrecognised finance charges amortised at an annual interest rate of 6.55%. As at 30 June 2015, the balance of finance lease payables was RMB23,926,185.59 (31 December 2014: RMB25,303,354.18), of which RMB3,195,303.54 (31 December 2014: RMB3,093,981.62) would be due within one year and an amount of RMB4,928,379.54 (31 December 2014: RMB5,706,110.96) was unrecognised finance lease payment.

36. Long-term wages payable

	30 June 2015	31 December 2014
Net liabilities of defined benefit plan	435,450,198.00	444,185,934.00

The Group operates a defined benefit plan without fund injection for its employees in China who retired before 31 December 2007.

The Group's defined benefit plan is a supplementary benefit plan targeting at employees retiring before 31 December 2007, and the plan is subject to impacts from interest rate risk and changes in the life expectancy of pension beneficiaries.

The present value of the net liabilities of the defined benefit plan was determined by Towers Watson Consulting (Shanghai) Company Limited (韜睿惠悅諮詢(上海)有限公司), a member of the China Association of Actuaries (中國精算學會), on 30 June 2015 using the projected accumulated benefit units method.

The following table sets forth the principal actuarial assumptions used as at the balance sheet date:

	For the six months ended 30 June 2015	2014
Discount rate (%)	3.50-3.75	3.50-3.75
Expected growth rate of future retiree benefit costs (%)	2.50	2.50

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

36. Long-term wages payable *(continued)*

The following table sets forth the quantitative sensitivity analysis of significant assumptions used as at 30 June 2015:

	Increase/(decrease) in present value of defined benefit		Increase/(decrease) in present value of defined benefit	
	Increase (%)	obligations	Decrease (%)	obligations
Discount rate (%)	0.25	(10,733,696)	(0.25)	11,204,751
Expected growth rate of future retiree benefit costs (%)	0.50	20,111,890	(0.50)	(18,557,782)

The following table sets forth the quantitative sensitivity analysis of significant assumptions used as at 31 December 2014:

	(Decrease)/increase in present value of defined benefit		Increase/(decrease) in present value of defined benefit	
	Increase (%)	obligations	Decrease (%)	obligations
Discount rate (%)	0.25	(10,946,292)	(0.25)	11,417,028
Expected growth rate of future retiree benefit costs (%)	0.50	20,483,845	(0.50)	(18,925,725)

The above sensitivity analysis represents the inference on the impacts over the defined benefit obligations based on reasonable changes in key assumptions as at the balance sheet date.

Relevant costs recognised in the income statement are as follows:

	For the six months ended 30 June 2015		2014
Net interest expenses charged to finance expenses	8,906,189.00		20,694,834.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

36. Long-term wages payable *(continued)*

Movements in present value of net liabilities of defined benefit plan are as follows:

	For the six months ended 30 June 2015	2014
Amount at the beginning of the period/year	484,655,048.00	463,609,177.00
Interest expenses for the period/year	8,906,189.00	20,694,834.00
Welfare benefits paid for the period/year	(17,986,196.00)	(35,929,196.00)
Actuarial gains recognised in other comprehensive income	–	36,280,233.00
Of which: Actuarial changes arising from changes in financial assumptions	–	41,198,935.00
Actuarial gains on difference in experience	–	(4,918,702.00)
Amount at the end of the period/year	475,575,041.00	484,655,048.00
Of which: Current portion of net liabilities of defined benefit plan (Note V.30)	40,124,843.00	40,469,114.00
	435,450,198.00	444,185,934.00

Accrued future payments under the defined benefit plan (undiscounted):

	30 June 2015	31 December 2014
Within 1 year	40,124,843.00	40,469,114.00
2 to 5 years	149,796,853.00	152,288,171.00
6 to 10 years	155,762,099.00	159,464,115.00
Over 10 years	358,928,088.00	372,625,035.00
	704,611,883.00	724,846,435.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

37. Accrued liabilities

For the six months ended 30 June 2015

	Opening balance	Increase in the period	Decrease in the period	Closing balance	
Accrued concrete loss	35,643,991.53	1,044,686.99	2,480,580.34	34,208,098.18	Note 1
Restoration cost of mines	65,434,291.01	374,080.00	3,068,462.74	62,739,908.27	Note 2
	<u>101,078,282.54</u>	<u>1,418,766.99</u>	<u>5,549,043.08</u>	<u>96,948,006.45</u>	

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance	
Accrued concrete loss	39,912,059.69	4,055,492.22	8,323,560.38	35,643,991.53	Note 1
Restoration cost of mines	61,067,069.09	9,468,681.64	5,101,459.72	65,434,291.01	Note 2
Legal cost	1,000,000.00	—	1,000,000.00	—	
	<u>101,979,128.78</u>	<u>13,524,173.86</u>	<u>14,425,020.10</u>	<u>101,078,282.54</u>	

Note 1: Accrued concrete loss was recognized based on potential difference between concrete's warehouse-out amount and future settlement amount by the Group's subsidiaries engaged in the production of concrete.

Note 2: Accrued restoration cost was recognized based on the expenditure on restoration of mines required to be incurred in subsequent years by the Group's subsidiaries engaged in the production of cement.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

38. Deferred income

For the six months ended 30 June 2015

	Opening Balance	Increase in the period	Decrease in the period	Closing Balance
Government grants	691,908,203.23	31,243,850.20	22,946,664.60	700,205,388.83

2014

	Opening Balance	Increase in the year	Decrease in the year	Closing Balance
Government grants	652,199,365.71	89,365,521.00	49,656,683.48	691,908,203.23

Of which, the details of government grants are as follows:

	30 June 2015	31 December 2014
Government grants related to assets		
Environmental protection projects	345,059,958.78	337,330,021.73
Cogeneration projects	12,401,546.49	13,710,684.37
Relocation compensation	275,653,444.18	281,261,316.02
Others	61,939,618.21	54,047,559.98
Government grants related to income		
Research and development funds	5,150,821.17	5,558,621.13
	700,205,388.83	691,908,203.23
Less: Deferred income carried over within one year and included in current liabilities (Note V. 32)	(42,632,562.92)	(50,233,453.43)
	657,572,825.91	641,674,749.80

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Deferred income (continued)

As at 30 June 2015, the major liabilities items related to government grants were as follows:

	Opening Balance	Increase in the period	Recognised in non-operating Income in the period	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	225,988,588.66	-	4,686,659.70	221,301,928.96	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	203,229,739.86	-	7,687,958.82	195,541,781.04	Related to assets
Appropriation for mud project of Beijing Cement Plant	36,829,722.21	-	1,488,333.34	35,341,388.87	Related to assets
Relocation compensation for Jianji	55,272,727.36	-	921,212.14	54,351,515.22	Related to assets
Subsidy for Zanhuang - 2,500 tonnes new dry method clinker production line project	9,437,777.77	-	365,333.33	9,072,444.44	Related to assets

As at 31 December 2014, the major liabilities items related to government grants were as follows:

	Opening Balance	Increase in the year	Recognised in non-operating Income in the year	Closing balance	Related to assets/gains
Asset subsidy for relocation compensation of Tiantan	235,361,908.06	-	9,373,319.40	225,988,588.66	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	218,605,657.50	-	15,375,917.64	203,229,739.86	Related to assets
Appropriation for mud project of Beijing Cement Plant	39,806,388.88	-	2,976,666.67	36,829,722.21	Related to assets
Relocation compensation for Jianji	57,115,151.56	-	1,842,424.20	55,272,727.36	Related to assets
Subsidy for Zanhuang - 2,500 tonnes new dry method clinker production line project	10,168,444.44	-	730,666.67	9,437,777.77	Related to assets

39. Other non-current liabilities

	30 June 2015	31 December 2014
Advance from commercial buildings with repurchase terms (Note V. 20)	601,559,996.42	314,199,998.01

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Share Capital

For the six months ended 30 June 2015

	Opening balance	Increase/(decrease) in the period			Closing balance
		Issue of new shares	Shares released from lock-up period	Subtotal	
I. Shares subject to lock-up restriction					
1. State-owned legal person shareholdings	448,028,673.00	-	-	-	448,028,673.00
2. Other domestic shareholdings	55,826,551.00	-	-	-	55,826,551.00
Total shares subject to lock-up restriction	503,855,224.00	-	-	-	503,855,224.00
II. Shares not subject to lock-up restriction					
1. RMB ordinary shares	3,111,402,625.00	-	-	-	3,111,402,625.00
2. Foreign listed shares	1,169,382,435.00	-	-	-	1,169,382,435.00
Total shares not subject to lock-up restriction	4,280,785,060.00	-	-	-	4,280,785,060.00
Total share capital	4,784,640,284.00	-	-	-	4,784,640,284.00

2014

	Opening balance	Increase/(decrease) in the year			Closing balance
		Issue of new shares	Shares released from lock-up period	Subtotal	
I. Shares subject to lock-up restriction					
1. State-owned legal person shareholdings	1,844,852,426.00	448,028,673.00	(1,844,852,426.00)	(1,396,823,753.00)	448,028,673.00
2. Other domestic shareholdings	2,952,000.00	52,874,551.00	-	52,874,551.00	55,826,551.00
Total shares subject to lock-up restriction	1,847,804,426.00	500,903,224.00	(1,844,852,426.00)	(1,343,949,202.00)	503,855,224.00
II. Shares not subject to lock-up restriction					
1. RMB ordinary shares	1,266,550,199.00	-	1,844,852,426.00	1,844,852,426.00	3,111,402,625.00
2. Foreign listed shares	1,169,382,435.00	-	-	-	1,169,382,435.00
Total shares not subject to lock-up restriction	2,435,932,634.00	-	1,844,852,426.00	1,844,852,426.00	4,280,785,060.00
Total share capital	4,283,737,060.00	500,903,224.00	-	500,903,224.00	4,784,640,284.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

41. Capital reserve

For the six months ended 30 June 2015

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Share premium	<u>7,898,685,039.67</u>	<u>255,100.30</u>	<u>392,272,663.77</u>	<u>7,506,667,476.20</u>

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	<u>5,579,836,540.13</u>	<u>2,319,653,655.90</u>	<u>805,156.36</u>	<u>7,898,685,039.67</u>

See the Statement of Changes in Equity for the reasons of movements in capital reserve.

42. Other comprehensive income

Accumulated balance of other comprehensive income attributable to the parent company in the consolidated balance sheet:

	1 January 2014	Increase/ decrease	31 December 2014	Increase/ decrease	30 June 2015
Re-measurement of changes in net liabilities of defined benefit plan	73,142,405.00	(36,280,233.00)	36,862,172.00	-	<u>36,862,172.00</u>
Transfer of inventories/self-occupied properties into investment properties	198,068,231.31	-	198,068,231.31	-	<u>198,068,231.31</u>
Foreign currency translation	<u>(130,382.81)</u>	<u>(86.87)</u>	<u>(130,469.68)</u>	<u>1,437.58</u>	<u>(129,032.10)</u>
	<u>271,080,253.50</u>	<u>(36,280,319.87)</u>	<u>234,799,933.63</u>	<u>1,437.58</u>	<u>234,801,371.21</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

42. Other comprehensive income *(continued)*

Amount of other comprehensive income attributable to the parent company in the consolidated income statement for the period:

For the six months ended 30 June 2015

	Amount before income tax	Income tax	Amount after income tax
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Re-measurement of changes in net liabilities of defined benefit plan	—	—	—
Other comprehensive income that will be reclassified to profit or loss in subsequent periods			
Exchange differences on foreign currency translation	<u>1,437.58</u>	—	<u>1,437.58</u>
	<u>1,437.58</u>	—	<u>1,437.58</u>

2014

	Amount before income tax	Income tax	Amount after income tax
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Re-measurement of changes in net liabilities of defined benefit plan	<u>(36,280,233.00)</u>	—	<u>(36,280,233.00)</u>
Other comprehensive income that will be reclassified to profit or loss in subsequent periods			
Exchange differences on foreign currency translation	<u>(86.87)</u>	—	<u>(86.87)</u>
	<u>(36,280,319.87)</u>	—	<u>(36,280,319.87)</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

43. Specific reserve

For the six months ended 30 June 2015

	Opening balance	Amount provided for the period	Amount paid for the period	Closing balance
Production safety cost	<u>7,925,485.30</u>	<u>9,589,912.52</u>	<u>4,219,027.52</u>	<u>13,296,370.30</u>

2014

	Opening balance	Amount provided for the year	Amount paid for the year	Closing balance
Production safety cost	<u>13,788,160.64</u>	<u>27,136,349.77</u>	<u>32,999,025.11</u>	<u>7,925,485.30</u>

Pursuant to the requirements of the Administrative Measures on Provision and Usage of Production Safety Cost of Enterprises" (Caiqi [2012] No.16) issued by the Ministry of Finance of the PRC and the State Administration of Work Safety, the Group began to accrue production safety fund for the stipulated special industries at a fixed proportion from 2012, the details of which are set out in Note III. 29. Production safety cost.

44. Surplus reserve

For the six months ended 30 June 2015

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	<u>828,495,276.27</u>	<u>—</u>	<u>—</u>	<u>828,495,276.27</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

44. Surplus reserve *(continued)*

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	<u>711,195,322.63</u>	<u>117,299,953.64</u>	<u>–</u>	<u>828,495,276.27</u>

According to the requirements of the Company Law and the Articles of Association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has reached 50% of the registered capital of the Company, additional appropriation will not be needed.

After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserves. Upon approval, discretionary surplus reserves can be used to make up for accumulated losses or to increase the share capital.

45. Provision for general risks

For the six months ended 30 June 2015

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Provision for general risks	<u>37,637,667.87</u>	<u>8,945,882.98</u>	<u>–</u>	<u>46,583,550.85</u>

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Provision for general risks	<u>698,454.78</u>	<u>36,939,213.09</u>	<u>–</u>	<u>37,637,667.87</u>

The provision for general risks is made for by the Company's subsidiary BBMG Finance Co., Ltd according to a certain ratio of the balance of risk assets at the end of the period pursuant to the Administrative Measures on Provision of Reserves of Financial Enterprises (金融企業準備金計提管理辦法) issued by the Ministry of Finance.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

46. Retained earnings

	For the six months ended 30 June 2015
Retained earnings as at the beginning of the period	17,315,084,511.06
Net profit attributable to the owners of the parent company	1,047,743,415.43
Less: Cash dividends declared for ordinary shares (Note 1)	(239,232,014.20)
Less: Appropriation of provision for general risks (Note V. 45)	<u>(8,945,882.98)</u>
Retained earnings at the end of the period	<u>18,114,650,029.31</u>

Note 1: Upon the consideration and approval by the 2014 annual general meeting of BBMG Corporation convened on 27 May 2015, profit distribution for the year 2014 was calculated based on 4,784,640,284 ordinary shares in issue, with the distribution of a dividend of RMB0.5 per 10 shares (tax inclusive) in an aggregate amount of cash dividends of RMB239,232,014.20.

47. Operating revenues and operating costs

Operating revenues, which are also turnovers of the Group, represent the net invoice value of goods sold, net of returns and trade discounts; value of services rendered; total rental income received and receivable.

Operating revenues are presented as follows:

	For the six months ended 30 June 2015		For the six months ended 30 June 2014	
	Revenue	Cost	Revenue	Cost
Principal operations	17,816,919,921.99	12,931,056,697.59	20,350,151,825.28	15,320,152,410.17
Other operations	<u>239,370,718.80</u>	<u>176,049,673.43</u>	<u>287,657,257.08</u>	<u>161,538,690.24</u>
	<u>18,056,290,640.79</u>	<u>13,107,106,371.02</u>	<u>20,637,809,082.36</u>	<u>15,481,691,100.41</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Operating revenues and operating costs (continued)

Information of principal operations by product:

	For the six months ended 30 June 2015		For the six months ended 30 June 2014	
	Revenue	Cost	Revenue	Cost
Sale of products	6,336,793,401.93	5,367,659,808.81	7,061,942,691.15	5,745,366,148.86
Bulk commodity trade	2,950,428,840.23	2,924,943,741.21	3,443,614,430.35	3,418,727,649.18
Sale of properties	6,467,707,141.00	3,546,218,912.31	7,896,276,773.00	5,016,385,629.21
Including: Sale of affordable properties	176,950,580.30	112,382,612.61	3,218,640,598.38	2,534,370,721.64
Rental income from investment properties	615,928,319.03	91,355,486.17	502,547,463.48	39,359,018.72
Property management	348,132,516.00	251,135,943.00	336,819,211.78	238,841,773.00
Hotel management	204,590,990.00	101,339,751.87	170,030,348.70	128,416,740.88
Income from decoration	461,184,455.38	419,588,884.87	543,403,319.80	486,099,616.62
Treatment of solid wastes	257,285,529.51	169,680,211.57	209,217,167.73	159,259,857.71
Others	174,868,728.91	59,133,957.78	186,300,419.29	87,695,975.99
	<u>17,816,919,921.99</u>	<u>12,931,056,697.59</u>	<u>20,350,151,825.28</u>	<u>15,320,152,410.17</u>

Operating revenues are presented as follows:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Sale of products	6,336,793,401.93	7,120,105,920.58
Bulk commodity trade	2,950,428,840.23	3,443,614,430.35
Sale of properties	6,467,707,141.00	7,896,276,773.00
Rental income	684,931,718.12	601,957,924.12
Including: Rental income from investment properties	615,928,319.03	502,547,463.48
Other rental income	69,003,399.09	99,410,460.64
Property management	348,132,516.00	336,819,211.78
Hotel management	204,590,990.00	170,030,348.70
Income from construction work	461,184,455.38	543,403,319.80
Treatment of solid waste	257,285,529.51	209,217,167.73
Others	345,236,048.62	316,383,986.30
	<u>18,056,290,640.79</u>	<u>20,637,809,082.36</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

48. Business Tax and surcharges

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Business tax	414,821,037.93	496,176,049.30
City maintenance and construction tax	42,210,786.07	49,584,592.61
Education surcharge	27,002,471.47	33,211,851.43
LAT	514,443,734.17	229,140,192.52
Others	7,670,126.83	10,002,135.75
	1,006,148,156.47	818,114,821.61

See Note IV. Taxation for tax base.

49. Selling expenses

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Employee benefits	218,413,216.17	202,220,013.44
Office and service expenses	63,506,874.18	65,332,018.90
Lease fee	50,896,792.18	52,803,337.69
Agency intermediary fee	84,070,322.25	104,488,393.02
Advertisement fee	121,641,266.24	86,997,847.29
Transportation and travel expenses	155,704,236.29	171,015,223.59
Others	9,640,432.24	4,442,073.61
	703,873,139.55	687,298,907.54

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

50. Administrative expenses

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Employee benefits	674,242,164.16	674,978,266.47
Office expenses	204,362,577.60	210,671,490.83
R&D expenses	41,655,002.15	29,456,225.55
Professional fees	54,894,725.50	64,714,358.54
Lease and utilities	60,014,843.15	57,113,148.49
Tax	102,641,272.29	100,180,022.47
Sewage and afforestation fees	24,734,310.84	33,029,795.22
Others	303,452,685.57	282,970,098.44
	1,465,997,581.26	1,453,113,406.01

51. Finance costs

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Interest expenses	1,212,845,557.18	1,020,578,098.24
Including: Interests on bank loans, overdrafts and other loans to be fully repaid within 5 years	1,212,845,557.18	1,020,578,098.24
Less: Interest income	43,554,132.87	40,290,333.39
Less: Capitalised interest (Note)	514,902,953.45	431,899,990.48
Exchange gains and losses	(944,765.54)	304,561.11
Bank charges	21,210,641.43	31,440,679.24
Others	9,530,908.68	13,206,722.61
	684,185,255.43	593,339,737.33

Note: The amount of capitalised interest has been included in the balances of construction in progress of RMB1,546,064.45 (Note V.14) and costs of properties under development of RMB513,356,889.00 (Note V.8).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

52. Gains from changes in fair value

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Investment properties measured at fair value	<u>260,611,970.35</u>	<u>267,100,000.00</u>

53. Investment gains/(losses)

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Investment gains from holding available-for-sale financial assets	57,640.53	–
Long-term equity investment gains/(losses) measured under equity method	<u>(12,636,756.41)</u>	<u>1,780,962.60</u>
	<u>(12,579,115.88)</u>	<u>1,780,962.60</u>

There were no significant restrictions on the repatriation of investment income of the Group as at 30 June 2015. For the six months ended 30 June 2015, the Group's investment gains did not contain any gains arising from investment in listed equities (for the six months ended 30 June 2014: Nil).

54. Asset impairment losses

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Losses on bad debts	26,103,522.18	51,736,870.45
Losses on decline in value of inventory	(247,133.98)	23,510,896.18
Losses on impairment of fixed assets	–	<u>7,604,278.64</u>
	<u>25,856,388.20</u>	<u>82,852,045.27</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

55. Non-operating income

	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Recognised in non-recurring profit or loss items for the six months ended 30 June 2015
Gains from disposal of non-current assets	3,344,742.68	2,029,997.10	3,344,742.68
Of which: Gains from disposal of fixed assets	3,344,742.68	2,029,997.10	3,344,742.68
Gains from debt restructuring	350,641.45	987,786.89	350,641.45
Net gains from fines	3,186,877.61	6,542,322.56	3,186,877.61
Government grants	194,073,407.34	284,028,073.80	68,712,924.76
Unpayable amounts	13,255,289.88	3,410,974.48	13,255,289.88
Others	31,471,459.44	18,197,196.51	31,471,459.44
	245,682,418.40	315,196,351.34	120,321,935.82

Government grants credited to profit or loss for the current period are as follows:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Related to asset/income
Refunds of VAT	124,560,482.54	158,777,233.87	Related to income
Transferred from deferred income	22,946,664.59	25,049,534.53	Related to asset/income
Other government compensation income	45,766,260.17	88,834,211.96	Related to asset/income
Grants of sale of heat	800,000.04	11,367,093.44	Related to income
	194,073,407.34	284,028,073.80	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

56. Non-operating expenses

	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Recognised in non- recurring profit or loss items for the six months ended 30 June 2015
Losses from disposal of non-current assets	5,322,143.01	2,714,564.15	5,322,143.01
Among which: Losses from disposal of fixed assets	5,322,143.01	2,714,564.15	5,322,143.01
Losses from debt restructuring	81,942.28	303,346.08	81,942.28
Donation	332,826.63	508,417.91	332,826.63
Expense on compensation, penalties and fines	19,988,584.03	8,699,346.98	19,988,584.03
Others	6,416,397.27	6,588,684.78	6,416,397.27
	32,141,893.22	18,814,359.90	32,141,893.22

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

57. Total profit

The supplement information on the Group's expenses by nature is as follows:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Consumption of raw materials	3,036,188,875.52	3,049,537,273.16
Procurement costs of tradable goods	3,353,167,231.03	3,953,299,681.12
Cost of sales of real estate	3,546,218,912.31	5,016,385,629.21
LAT, Business Tax and other tax surcharges	1,108,789,428.76	918,294,844.08
Changes in work in progress, finished goods and trading goods	(79,249,144.43)	(65,110,977.34)
Employees' remuneration expenses	1,499,635,028.22	1,488,696,837.97
Depreciation and amortisation	737,555,746.82	681,682,823.37
Interest expenses	697,942,603.73	588,678,107.76
Maintenance expenses	278,591,489.70	261,215,992.51
Office expenses	267,869,451.78	276,003,509.73
Rentals	166,269,140.89	156,314,556.11
Intermediary fee	138,965,047.75	169,202,751.56
Advertisement fee	121,641,266.24	86,997,847.29
Transportation and travel fee	155,704,236.29	171,015,223.59
R&D expenses	41,655,002.15	29,456,225.55
Impairment loss of assets	25,856,388.20	82,852,045.27
Other expenses	965,914,056.59	1,492,877,518.91

58. Income tax expenses

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Current income tax expenses	484,341,755.60	529,101,659.77
Deferred income tax expenses	18,753,688.02	40,760,508.84
	503,095,443.62	569,862,168.61

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

58. Income tax expenses *(continued)*

Reconciliations of income tax expenses and total profit are listed as follows:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Total profit	1,524,697,128.51	2,086,662,018.23
Income tax expenses calculated at statutory tax rate of 25% (Note 1)	381,174,281.93	521,665,504.56
Effect of different tax rates applicable to certain subsidiaries	(8,265,547.61)	(7,882,084.42)
Tax effect of share of profits and losses of joint ventures and associates	3,159,189.10	(445,240.65)
Income not subject to tax	(1,062,143.41)	(856,614.61)
Expenses not deductible for tax	11,061,750.38	16,807,001.62
Tax losses utilised from previous years	(302,391.68)	(3,089,680.00)
Adjustments in respect of current income tax of previous periods	(5,861,387.54)	(10,793,550.13)
Deductible temporary differences and deductible loss not recognised	123,191,692.45	54,456,832.24
	503,095,443.62	569,862,168.61

Note 1: Income tax of the Group shall be calculated based on the applicable tax rate and the estimated taxable income from Mainland China. 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 shares of taxes attributable to joint ventures and associates for the six months ended 30 June 2015 were RMB100,353.67 and RMB1,829,363.59 respectively (for the six months ended 30 June 2014: RMB176,531.76 and RMB708,184.58 respectively).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

59. 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 six months ended 30 June 2015	For the six months ended 30 June 2014
Earnings		
Net profit for the period attributable to the ordinary shareholders of the Company	<u>1,047,743,415.43</u>	<u>1,380,649,065.77</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>4,784,640,284.00</u>	<u>4,556,451,037.51</u>

The Company did not have potentially dilutive ordinary shares.

60. Notes to items of statement of cash flows

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Cash received from other operating activities		
Deposits and relevant amounts received	77,489,872.71	469,581,119.39
Compensation received	–	55,326,090.72
Others	<u>411,240,824.86</u>	<u>402,569,389.07</u>
	<u>488,730,697.57</u>	<u>927,476,599.18</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

60. Notes to items of statement of cash flows *(continued)*

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Cash paid relating to other operating activities		
Bidding deposits of land items and relevant amounts	749,900,000.00	369,541,046.26
Selling and administrative expenses etc. paid	979,683,192.70	1,187,630,053.23
	1,729,583,192.70	1,557,171,099.49
Cash received from other investing activities		
Repayment of borrowings from the non-controlling shareholder Beijing Vanke Enterprise Co., Ltd.	93,590,000.00	-
Cash paid relating to other investing activities		
Borrowings paid to the non-controlling shareholder Beijing Vanke Enterprise Co., Ltd.	24,500,000.00	-
Cash received from other investing activities		
Cash received from issue of bonds	4,500,000,000.00	6,924,131,029.99
Cash paid relating to other financing activities		
Consideration paid for acquisition of minority interests	-	100,000.00
Cash paid for redemption of bonds	5,600,000,000.00	3,370,000,000.00
	5,600,000,000.00	3,370,100,000.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

61. Supplemental information to statement of cash flows

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Net profit	1,021,601,684.89	1,516,799,849.62
Add: Provisions for assets impairment	25,856,388.20	82,852,045.27
Depreciation of fixed assets	649,584,008.86	606,028,792.29
Amortisation of intangible assets	54,908,071.37	48,294,226.73
Amortisation of long-term deferred expenses	33,063,666.59	27,359,804.35
Losses/(gains) from disposal of fixed assets, intangible assets and other long-term assets	1,977,400.33	684,567.05
Gains from changes in fair value	(260,611,970.35)	(267,100,000.00)
Finance expenses	696,997,838.19	588,982,668.87
Investment losses/(gains)	12,579,115.88	(1,780,962.60)
Increase in deferred income tax assets	(36,689,799.36)	(89,696,423.02)
Increase in deferred income tax liabilities	55,443,487.38	130,456,931.86
Increase in inventories	(1,753,066,021.93)	(4,691,659,287.16)
Increase in operating receivables	(1,615,669,572.88)	(856,504,956.74)
Increase/(decrease) in operating payables	1,187,976,742.03	(2,168,545,348.54)
Net cash flows from operating activities	73,951,039.20	(5,073,828,092.02)

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

61. Supplemental information to statement of cash flows *(continued)*

(1) Supplemental information to statement of cash flows *(continued)*

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Material financing activities not involving cash:		
Borrowing from non-controlling shareholders (Note 1)	1,500,000,000.00	–
Material investment activities not involving cash:		
Unpaid payment for acquisition of equity interest	49,133,720.00	–
Net movements in cash and cash equivalents:		
Balances of cash at end of the period	3,359,880,594.04	4,371,371,721.41
Less: Balances of cash at beginning of the period	6,479,735,571.22	5,866,492,301.67
Net decrease in cash and cash equivalents	(3,119,854,977.18)	(1,495,120,580.26)

Note 1: Jianxin Trust Co., Ltd., the non-controlling shareholder of the Group's subsidiary Chongqing BBMG Dacheng Shanshui Property Limited ("Dacheng Shanshui") reduced its equity investments of RMB1.5 billion in Dacheng Shanshui in April 2015 and directly changed the amount into borrowings.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

61. Supplemental information to statement of cash flows *(continued)*

(2) Information on acquisition of subsidiaries and other operating units

Information on acquisition of subsidiaries and other operating units

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Cash considerations paid for acquisition of subsidiaries and other operating units	196,534,880.00	–
Less: Cash and cash equivalents held by acquired subsidiaries and other operating units	–	–
Net cash paid for acquisition of subsidiaries and other operating units	196,534,880.00	–

(3) Cash and cash equivalents

	30 June 2015	31 December 2014
Cash	3,359,880,594.04	6,479,735,571.22
Including: Cash on hand	2,659,800.17	1,188,238.10
Bank deposits on demand	3,352,762,342.19	6,468,890,424.07
Other monetary fund on demand	4,458,451.68	9,656,909.05
Balance of cash and cash equivalents at end of the period/year	3,359,880,594.04	6,479,735,571.22

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

62. Assets with restricted titles or right to use

	Note	30 June 2015	31 December 2014
Pledged assets			
Cash and bank balances			
Statutory deposit reserve placement with central bank by Finance Company	(1)	421,064,156.16	902,817,668.94
Guarantee deposits for L/C	(1)	41,895,715.25	45,147,170.74
Quality/performance deposits	(1)	60,925,461.50	47,217,112.71
Guarantee deposits for acceptance bills	(1)	83,435,316.76	65,774,311.91
Inventories	(2)	1,383,827,343.77	1,831,171,909.70
Bills receivable	(2)	48,713,090.68	4,983,581.02
Fixed assets	(2)	126,887,677.86	7,937,010.21
Investment properties	(2)	5,780,231,009.38	7,091,209,039.03
Land use rights	(2)	18,549,584.52	–
Assets whose titles are restricted for other reasons			
Cash and bank balances			
Restricted cash arising from pre-sales of properties	(3)	4,234,899,300.24	3,422,787,771.29
Others		8,553,720.79	16,691,995.87
		12,208,982,376.91	13,435,737,571.42

Note 1: As at 30 June 2015, the amount of the Group's pledged cash and bank balances was RMB607,320,649.67 (31 December 2014: RMB1,060,956,264.30), of which the amount paid by BBMG Finance Co., Ltd. to the People's Bank of China as statutory reserve in accordance with relevant regulations which cannot be used for daily operations was RMB421,064,156.16 (31 December 2014: RMB902,817,668.94).

Note 2: As at 30 June 2015, the Group obtained short-term borrowings of RMB18,713,090.68, non-current liabilities due within one year of RMB1,074,916,517.88, and long-term borrowings of RMB3,104,000,000.00 (Notes V. 8, 12, 13) secured by inventories with a carrying amount of RMB1,383,827,343.77, fixed assets with a carrying amount of RMB126,887,677.86, investment properties with a carrying amount of RMB5,780,231,009.38, and intangible asset-land use rights with a carrying amount of RMB18,549,584.52, and pledged by bills receivables with a carrying amount of RMB48,713,090.68. As at 30 June 2015, there were bank borrowings of RMB290,083,482.12 obtained from unreleased pledge by land use rights of commodity houses which had already been delivered to the purchasers.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

62. Assets with restricted titles or right to use *(continued)*

Note 3: In accordance with relevant provisions, funds from pre-sales of commodity housing have to be deposited in special bank accounts by property developers for supervision to ensure that the presales funds are used for construction projects first, and written application have to be made to the supervisory bank before using the funds. Where pre-sale projects under supervision have been completed and other required conditions have been satisfied, application for lifting supervision of the funds may be made.

Note 4: As at 30 June 2015, BBMG GEM Real Estate Development Co., Ltd., a subsidiary of the Group, obtained borrowings of RMB567,798,720.00 from the non-controlling shareholders of Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd. ("Changyang Jiaye") secured by its 51% equity interests in Changyang Jiaye with a carrying amount of RMB1,210,000,000.00.

63. Foreign currency monetary items

	30 June 2015			31 December 2014		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
Cash at banks						
USD	612,741.99	6.2022	3,800,348.37	287,517.65	6.2075	1,784,765.81
HKD	942,171.69	0.8002	753,925.79	1,551,270.80	0.8006	1,241,947.40
EUR	7.09	6.9061	48.96	195,974.05	7.5092	1,471,608.34
JPY	24,259,865.00	0.0506	1,227,549.17	24,259,853.00	0.0519	1,259,086.37
Accounts receivable						
USD	669,763.69	6.2022	4,154,008.36	669,763.69	6.2075	4,157,558.11
EUR	210,398.43	6.9061	1,453,032.60	210,398.43	7.5092	1,579,923.89
			<u>11,388,913.25</u>			<u>11,494,889.92</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VI. CHANGE IN SCOPE OF CONSOLIDATION

1. Investee that the Group holds half or more of its shareholdings but without control over it

Investee	Place of registration	Principal Activities	Registered Capital (RMB ten thousand)	Investment Amount (RMB ten thousand)	Percentage of Shareholding (%)	Voting right (%)	Reason for not having control
Beijing Beizhuan Gas Station	Beijing	Retail of refined oil product	80.00	64.83	62.50	-	Unable to participate in decisions
Hainan Dihao Furniture Co., Ltd.	Haikou	Furniture manufacturing	900.00	264.54	55.00	-	Unable to participate in decisions
Beijing Xinjianxinyuan Farmer's Market Co., Ltd.	Beijing	Retail of agricultural products	40.00	38.00	95.00	-	Unable to participate in decisions

2. Change in scope of consolidation

Except for the subsidiaries established and acquired during the period as stated in Note VII. 1, the scope of consolidation for the financial statements remains the same as that of last year.

3. Business combination not under common control

During the period, the Company acquired 60% equity interest of Xingtai BBMG Yongning Cement Co., Ltd. ("BBMG Yongning") at a consideration of RMB245,668,600.00 in cash. According to the Agreement of Equity Transfer concerning BBMG Yongning entered into by the Company and Jizhong Energy Resources Co., Ltd. and the amended Articles of Association, starting from 1 February 2015, the Company had control of BBMG Yongning, which became a subsidiary of the Company.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VI. CHANGE IN SCOPE OF CONSOLIDATION *(continued)*

3. Business combination not under common control *(continued)*

The fair values of the identifiable net assets of BBMG Yongning on the acquisition date have been assessed and determined by Beijing Golden Standard & Headmen Appraisal and Advisory Co., Ltd. (北京大正海地人資產評估有限公司). The fair values and book values of identifiable assets and liabilities of BBMG Yongning on acquisition date are set out as follows:

	31 January 2015 Fair value	31 January 2015 Book value
Accounts receivable	3,850,000.00	3,850,000.00
Other receivables	4,502,840.31	4,502,840.31
Other current assets	11,175,353.30	11,175,353.30
Fixed assets	378,362,067.52	364,179,724.57
Intangible assets	25,234,242.72	24,977,652.71
Construction in progress	21,774,390.81	21,774,390.81
Deferred income tax assets	2,548,604.33	2,548,604.33
Accounts payable	(34,390,099.08)	(34,390,099.08)
Deferred income tax liabilities	(3,609,733.24)	-
	409,447,666.67	398,618,466.95
Minority interests	(163,779,066.67)	(159,447,386.78)
	245,668,600.00	239,171,080.17
Goodwill arising from acquisition	-	-
	245,668,600.00 (Note)	

Note: the amount included cash of RMB196,534,880.00 paid by the Company in the business combination and other payables of RMB49,133,720.00.

The results and cash flows of Xingtai BBMG Yongning Cement Co., Ltd. from the acquisition date to the end of the period are set out as follows:

	1 February to 30 June 2015
Operating revenue	73,395,703.61
Net profit	2,419,523.01
Net cash flows	33,950,939.82

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES

1. Interests in the subsidiaries

Information of the Company's subsidiaries is as follows:

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment, investment or other ways					
Beijing Liulih Cement Co., Ltd. (北京市琉璃河水泥有限公司)	Beijing	Manufacture of cement, mining and sale of sandstone, etc.	65,510.00	100.00	–
Beijing Jianhua-Bulangni Concrete Co., Ltd. (北京建華布朗尼混凝土有限公司)	Beijing	Manufacture and sale of commercial concrete	1,269.80	–	100.00
Beijing BBMG Concrete Co., Ltd. (北京金隅混凝土有限公司)	Beijing	Processing of commodity concrete, etc.	46,541.04	100.00	–
Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd. (北京金隅紅樹林環保技術有限責任公司)	Beijing	Disposal of hazardous waste, etc.	169,815.09	51.00	–
Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd. (河北金隅紅樹林環保技術有限責任公司)	Sanhe	Treatment and disposal of hazardous waste	1,000.00	–	100.00
Beijing Jinyu Pinggu Cement Co., Ltd. (北京金隅平谷水泥有限公司)	Beijing	Manufacture and sale of cement, etc.	15,000.00	100.00	–
Cangzhou Lingang Jinyu Cement Co., Ltd. (滄州臨港金隅水泥有限公司)	Cangzhou	Manufacture and sale of cement and cement product	15,000.00	–	100.00
Cheng'an BBMG Taihang Concrete Co., Ltd. (成安金隅太行混凝土有限公司)	Cheng'an County	Manufacture and sale of cement	1,000.00	–	100.00
Daming BBMG Taihang Concrete Co., Ltd. (大名縣金隅太行混凝土有限公司)	Daming County	Sales of concretes and mortar	1,000.00	–	90.00
Zanhuang BBMG Cement Co., Ltd. (贊皇金隅水泥有限責任公司)	Zanhuang County	Manufacture and sale of cement and clinker	60,000.00	100.00	–
BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司)	Beijing	Wholesale of cement and cement product, etc.	50,000.00	100.00	–
Sanhe Jinling Mining Co., Ltd. (三河市金嶺礦業有限公司)	Sanhe	Processing and sale of rock materials for construction	500.00	–	100.00
Beijing BBMG Cement Energy Technology Co., Ltd. (北京金隅水泥節能科技有限公司)	Beijing	Development and transfer of cement and concrete technology	2,500.00	100.00	–
Siping BBMG Cement Co., Ltd. (四平金隅水泥有限公司)	Siping	Manufacture and sale of cement and cement product, etc.	30,000.00	52.00	–
Lanxian BBMG Cement Co., Ltd. (嵐縣金隅水泥有限公司)	Lan County	Manufacture and sale of cement and cement product	20,030.00	80.00	–
Qinyang BBMG Cement Co., Ltd. (沁陽市金隅水泥有限公司)	Qinyang	Manufacture and sale of cement and clinker, etc.	16,645.00	86.60	–

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i>					
Lingchuan BBMG Cement Co., Ltd. (陵川金隅水泥有限公司)	Lingchuan County	Manufacture and sale of cement and clinker	25,000.00	100.00	–
Beijing BBMG Mining Co., Ltd. (北京金隅礦業有限公司)	Beijing	Sale of metal and other mining material product	500.00	100.00	–
Zuoquan BBMG Cement Co., Ltd. (左權金隅水泥有限公司)	Zuoquan county	Technical consultation service on cement clinker	36,530.00	100.00	–
Xuanhua BBMG Cement Co., Ltd. (宣化金隅水泥有限公司)	Xuanhua County	Manufacture and sale of cement and clinker	500.00	65.00	–
Bo'ai BBMG Cement Co., Ltd. (博愛金隅水泥有限公司)	Bo'ai County	Manufacture and sale of cement and clinker	30,000.00	95.00	–
Guangling Jinyu Cement Co., Ltd. (廣靈金隅水泥有限公司)	Guangling County	Manufacture and sale of cement and clinker	31,700.00	100.00	–
BBMG Mortar Co., Ltd. (北京金隅砂漿有限公司)	Beijing	Manufacture and sale of dry mix mortar	10,000.00	80.00	20.00
Tianjin Jinyu Treasure Bright Mortar Co., Ltd. (天津金隅寶輝砂漿有限公司)	Tianjin	Manufacture and sale of mortar	4,900.00	–	70.00
Fengfeng BBMG Concrete Co., Ltd. (峰峰金隅混凝土有限公司)	Handan	Manufacture and sale of prepared components and processing of concrete	3,000.00	100.00	–
Handan Hanshan BBMG Concrete Co. Ltd. (邯鄲市邯山金隅混凝土有限公司)	Handan	Manufacture and sale of commercial concrete and crushed stone	3,000.00	92.00	–
Wei County BBMG Concrete Co., Ltd. (魏縣金隅混凝土有限公司)	Handan	Manufacture and sale of concrete	1,000.00	92.00	–
Handan BBMG Concrete Co., Ltd. (邯鄲縣金隅混凝土有限公司)	Handan	Manufacture and sale of concrete	3,000.00	92.00	–
Handan BBMG Taihang Building Materials Co., Ltd. (邯鄲金隅太行建材有限公司)	Handan	Manufacture and sale of slag powder	8,109.00	–	100.00
Beijing BBMG Tiantan Furniture Co., Ltd. (北京金隅天壇家具股份有限公司)	Beijing	Manufacture, processing, and sale of furniture, etc.	20,916.49	97.11	0.15
Beijing Tiantan-Jingwei Furniture Co., Ltd. (北京天壇京偉家具有限公司)	Beijing	Manufacture of wooden furniture	600.00	–	60.00
Foshan BBMG Tiantan Furniture Co., Ltd. (佛山金隅天壇家具有限公司)	Foshan	Processing and sale of furniture and wooden products	500.00	–	100.00
Beijing Tiantan Faram Decorative Materials Co., Ltd. (北京天壇法拉姆裝飾材料有限公司)	Beijing	Manufacture of office cube partition boards and furniture etc.	4,138.60	–	100.00
Beijing Tiantan Decoration and Engineering Co., Ltd. (北京天壇裝飾工程有限責任公司)	Beijing	Building decoration and design consultation	600.00	–	100.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment, investment or other ways (continued)					
Beijing Great Wall Furniture Decorative Materials Co., Ltd. (北京長城家具裝飾材料有限公司)	Beijing	Manufacture and sale of furniture, decorative materials and wooden floorboards	320.00	–	100.00
Beijing Quinette Great Wall Seats Co., Ltd. (北京奇耐特長城座椅有限公司)	Beijing	Manufacture of seats for opera houses and auditoriums etc.	1,597.04	–	59.78
Beijing Woodworking Factory Co., Ltd. (北京市木材廠有限責任公司)	Beijing	Manufacture and sale of wood-based panels etc.	5,455.63	100.00	–
Beijing Tongda Refractory Engineering Technology Co., Ltd. (北京通達耐火工程技術有限公司)	Beijing	Development and manufacture of new refractory materials etc.	1,000.00	–	100.00
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd.	Gongyi	Manufacture and sale of refractory materials	1,050.00	–	100.00
Gongyi Tongda Zhongyuan Refractory Co., Ltd. (鞏義通達中原耐火材料檢測中心有限公司)	Gongyi	Testing of refractories	30.00	–	100.00
Beijing Jinyu Energy-Saving Technology Co., Ltd. (北京金隅節能保溫科技有限公司)	Beijing	Manufacture and sale of building materials	37,496.77	100.00	–
Zhangjiakou Star Building Materials Co., Ltd. (張家口市星牌建材有限責任公司)	Beijing	Manufacture, processing and sale of rockwool products	500.00	–	100.00
Beijing Jianzong Building, Installation and Engineering Co., Ltd. (北京建總建築安裝工程有限公司)	Beijing	Construction contracting	2,001.12	–	100.00
Beijing Aerated Concrete Co., Ltd. (北京市加氣混凝土有限責任公司)	Beijing	Manufacture and sale of aerated concrete panels	8,681.75	100.00	–
Beijing Jinyu Aerated Concrete Co., Ltd. (北京金隅加氣混凝土有限責任公司)	Beijing	Manufacture and sale of aerated concrete products etc.	10,000.00	100.00	–
Beijing BBMG Coating Co., Ltd. (北京金隅塗料有限責任公司)	Beijing	Manufacture of coating; professional contracting	8,900.00	100.00	–
Dachang BBMG Coating Co., Ltd. (大廠金隅塗料有限責任公司)	Dachang County	Manufacture and sale of coating	3,000.00	–	100.00
Xinjiang BBMG Coating Co., Ltd. (新疆金隅塗料有限公司)	Urumqi	Manufacture of coating; sale of building materials etc.	100.00	–	55.00
Beijing Building Materials Academy Co., Ltd. (北京建築材料科學研究院有限公司)	Beijing	Development, manufacture and sale of building materials etc.	16,000.00	100.00	–
Beijing Building Materials Testing Academy Co., Ltd. (北京建築材料檢驗研究院有限公司)	Beijing	Testing for building material quality etc.	5,016.61	–	100.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i>					
Beijing Keshi Hardware Co., Ltd. (北京市科實五金有限責任公司)	Beijing	Manufacture of modern products like construction hardware	6,595.92	100.00	–
Beijing BBMG Dongrun Construction Materials Co., Ltd. (北京金隅東潤建材有限公司)	Beijing	Wholesale of building materials etc.	2,000.00	–	51.00
Beijing BBMT-Xinke Building Materials Co., Ltd. (北京建貿新科建材有限公司)	Beijing	Purchase and sale of building materials etc.	17,000.00	–	100.00
BBMG Home Furnishing Co., Ltd. (北京金隅家居有限公司)	Beijing	Purchase and sale of building materials and metals etc.	600.00	–	100.00
Beijing BBMG Decoration and Engineering Co., Ltd. (北京金隅裝飾工程有限公司)	Beijing	Design and construction of building decoration	3,000.00	–	100.00
Beijing Jiandu Design and Research Institute Co., Ltd. (北京建都設計研究院有限公司)	Beijing	Design of modern building materials etc.	954.12	100.00	–
Beijing Jiantuo Engineering Management Co., Ltd. (北京建拓工程管理有限公司)	Beijing	Agent for construction tendering	300.00	–	100.00
Beijing Sanchong Mirror Co., Ltd. (北京三重鏡業有限公司)	Beijing	Manufacture and sale of glass made spectacle lenses	5,766.00	–	100.00
BBMG (Dachang) Modern Industrial Park Management Co., Ltd. (大廠金隅現代工業園管理有限公司)	Dachang County	Manufacture of various modern building materials etc.	50,000.00	100.00	–
Yangquan Tongda BBMG Refractory Materials Co., Ltd. (陽泉金隅通達高溫材料有限公司)	Yangquan	Manufacture and sale of refractory ceramic etc.	6,000.00	–	100.00
Beijing BBMG Business and Trading Co., Ltd. (北京金隅商貿有限公司)	Beijing	Wholesale of building materials and metals etc.	66,000.00	100.00	–
Dachang BBMG Jinhaiyan Glass Wool Co., Ltd. (大廠金隅金海燕玻璃棉有限公司)	Dachang County	Manufacture and sale of glass wool products	8,000.00	–	100.00
BBMG Material Industrial (Shanghai) Co., Ltd. (金隅物產上海有限公司)	Shanghai	Import and export of coke, iron ore and metal materials	8,000.00	51.00	–
Tangshan Jinyu Aerated Concrete Co., Ltd. (唐山金隅加氣混凝土有限責任公司)	Tangshan	Manufacture and sale of aerated concrete blocks	6,860.00	–	100.00
BBMG GEM Real Estate Development Co., Ltd. (北京金隅嘉業房地產開發有限公司)	Beijing	Property development and management etc.	340,000.00	100.00	–
BBMG (Qingdao) Property Development Co., Ltd. (金隅(青島)房地產開發有限公司)	Qingdao	Property development and trading agent	5,000.00	–	100.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i>					
Inner Mongolia BBMG Property Investment Co., Ltd. (內蒙古金隅置地投資有限公司)	Hohhot	Property development and management etc.	20,000.00	-	100.00
BBMG (Hangzhou) Property Development Co., Ltd. (金隅(杭州)房地產開發有限公司)	Hangzhou	Property development and management etc.	75,000.00	-	100.00
Hangzhou BBMG Mountain Villa Property Development Co., Ltd. (杭州金隅山墅房地產開發有限公司)	Hangzhou	Property development and others	25,000.00	-	100.00
BBMG (Tianjin) Property Development Co., Ltd. (金隅(天津)房地產開發有限公司)	Tianjin	Property development and sales etc.	80,000.00	-	100.00
Tangshan BBMG Julong Co., Ltd. (唐山金隅巨龍房地產開發有限公司)	Tangshan	Property development and operation etc.	5,000.00	-	80.00
Beijing BBMG Property Development Co., Ltd. (北京金隅置地房地產開發有限公司)	Beijing	Property development and sales etc.	5,000.00	-	100.00
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd. (北京西三旗高新建材城經營開發有限公司)	Beijing	Property rental and development etc.	6,129.76	100.00	-
Chengdu BBMG Dacheng Property Development Co., Ltd. (成都金隅大成房地產開發有限公司)	Chengdu	Property development etc.	5,000.00	-	80.00
Chongqing BBMG Dacheng Property Development Co., Ltd. (重慶金隅大成房地產開發有限公司)	Chongqing	Property development and consultation etc.	20,000.00	-	100.00
Beijing BBMG Chengyuan Property Development Co., Ltd. (北京金隅程遠房地產開發有限公司)	Beijing	Property development and sale of commodity housing etc.	45,944.06	100.00	-
Beijing Jinyexincheng Property Management Co., Ltd. (北京市金業新城物業管理有限責任公司)	Beijing	Property management	50.00	-	100.00
Inner Mongolia BBMG Dacheng Property Management Co., Ltd. (內蒙古金隅大成物業管理有限公司)	Hohhot	Property management	200.00	-	100.00
BBMG Property Management Co., Ltd. (北京金隅物業管理有限責任公司)	Beijing	Property management	2,000.00	100.00	-
Beijing Jinhuyuan Property Management Co., Ltd. (北京錦湖園物業管理有限公司)	Beijing	Property management	50.00	-	100.00
BBMG Fengshan Hot Spring Resort Co., Ltd. (北京金隅鳳山溫泉度假村有限公司)	Beijing	Provision of accommodation and dining services etc.	19,998.91	100.00	-

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i>					
Beijing Jianyuan Hotel Co., Ltd. (北京市建苑賓館有限公司)	Beijing	Provision of accommodation and dining services etc.	1,000.53	–	100.00
Beijing Jianji Assets Management Co., Ltd. (北京建機資產經營有限公司)	Beijing	Self-owned property rental, property management etc.	78,732.79	100.00	–
Beijing Jinhaiyan Assets Management Co., Ltd. (北京金海燕資產經營有限責任公司)	Beijing	Self-owned property rental, property investment and management etc.	8,292.36	100.00	–
Beijing Jinhaiyan Property Management Co., Ltd. (北京金海燕物業管理有限公司)	Beijing	Property management	1,250.00	100.00	–
BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限公司)	Beijing	Commercial housing rental, property and hotel management etc.	9,900.00	100.00	–
Beijing BBMG Real Estate Agency Co., Ltd. (北京金隅房地產經紀有限公司)	Beijing	Property agency business and consultation	500.00	–	100.00
Beijing Kaicheng Cinda Property Management Co., Ltd. (北京凱誠信達物業管理有限公司)	Beijing	Property management	300.00	–	100.00
Beijing Wancheng Taishang Property Management Co., Ltd. (北京萬成恆泰商業物業管理有限公司)	Beijing	Property management	200.00	–	100.00
Jinyu Ligang (Tianjin) Property Development Co., Ltd. (金隅麗港(天津)房地產開發有限公司)	Tianjin	Property development and operation etc.	39,000.00	–	100.00
Beijing Jinyu Chaixin Tiandi Property Investment Co., Ltd. (北京金隅朝新天地置業有限公司)	Beijing	Property development and management etc.	44,490.86	–	100.00
Beijing Jinyu Shiji Jiaye Property Development Co., Ltd. (北京金隅世紀嘉業房地產開發有限公司)	Beijing	Property development and management etc.	1,000.00	–	100.00
Jinyu Mengcheng (Ma'anshan) Property Development Co., Ltd. (金隅夢城(馬鞍山)房地產開發有限公司)	Ma'anshan	Property development and sale of commodity housing etc.	5,000.00	–	75.00
Beijing BBMG Finance Co., Ltd. (北京金隅財務有限公司)	Beijing	Operation of finance business and financing advisory business	100,000.00	100.00	–
Hangzhou BBMG Guanchao Real Estate Development Co., Ltd. (杭州金隅觀潮房地產開發有限公司)	Hangzhou	Property development and operation etc.	58,600.00	–	100.00
Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd. (北京金隅長陽嘉業地產開發有限公司)	Beijing	Property development and sale of commodity housing etc.	237,254.90	–	51.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i>					
BBMG Nanjing Real Estate Development Co., Ltd. (金隅南京房地產開發有限公司)	Nanjing	Property development and operation etc.	122,000.00	–	100.00
Dachang BBMG Alavus Energy Saving Components Co., Ltd. (大廠金隅愛樂屋建築節能製品有限公司)	Dachang County	Provision of timber for construction purpose and processing of timber products	3,000.00	–	100.00
Beijing Tongda New Green High-temperature Materials Engineering Research Centre Co., Ltd. (北京通達綠色高溫新材料工程研究中心有限公司)	Beijing	Research, experimentation and development of engineering and technology	1,000.00	–	98.00
Beijing Dacheng Changrun Properties Limited (北京大成昌潤置業有限公司)	Beijing	Property development and operation	1,000.00	–	82.00
Chongqing BBMG Dacheng Shanshui Real Estate Co., Ltd. (重慶金隅大成山水置業有限公司)	Chongqing	Property development and sale etc.	49,250.00	–	100.00
Jilin BBMG Tiantan Furniture Co., Ltd. (吉林市金隅天壇家具有限責任公司)	Huadian	Manufacture and sale of furniture, fixture, panels and wooden products etc.	3,000.00	–	55.00
Beijing BBMG Cement Environmental Protection Technology Co., Ltd. (北京金隅水泥環保工程技術有限公司)	Beijing	Construction project management, construction general contracting and eco-friendly technology development etc.	1,000.00	–	100.00
Beijing BBMG Pension Industry Investment Management Co., Ltd. (北京金隅養老產業投資管理有限公司)	Beijing	Property development and management etc.	1,000.00	–	100.00
Guantao BBMG Yuzhen Concrete Co., Ltd. (館陶縣金隅宇震混凝土有限公司)	Handan	Processing and sale of commercial concrete; manufacture and sale of prepared components	1,000.00	–	100.00
Shanghai BBMG Dacheng Property Development Co., Ltd. (上海金隅大成房地產開發有限公司)	Shanghai	Property development and operation etc.	100,000.00	–	100.00
Ningbo BBMG Dacheng Property Development Co., Ltd. (寧波金隅大成房地產開發有限公司)	Ningbo	Property development and operation etc.	5,000.00	–	100.00
Jize BBMG Taihang Concrete Co., Ltd. (雞澤縣金隅太行混凝土有限公司)	Jize County	Processing and sale of commercial concrete	1,200.00	–	100.00
Handan BBMG Taihang International Economic & Technical Cooperation Co., Ltd. (邯鄲金隅太行對外經濟技術合作有限公司)	Handan	Consulting services of international economic and trading information and technology	600.00	–	100.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i>					
* Liaocheng BBMG Hongjun Concrete Co., Ltd. (聊城金隅泓均砼業有限公司)	Liaocheng	Manufacture and sale of commercial concrete	1,000.00	–	80.00
* Liaocheng BBMG Yonghui Concrete Co., Ltd. (聊城金隅永輝砼業有限公司)	Liaocheng	Manufacture and sale of commercial concrete	2,000.00	–	80.00
* Dachang BBMG Tiantan Furniture Co., Ltd. (大廠金隅天壇家具有限公司)	Langfang	Manufacturing, processing, sale of furniture, etc.	68,000.00	–	100.00
* BBMG Huitong (Dachang) Trading Co., Ltd. (金隅匯通(大廠)經貿有限公司)	Langfang	Wholesale of coal and construction materials	20,000.00	–	100.00
* BBMG Business and Trading Co., Ltd. (金隅商貿有限公司)	Tanzania	Import and export of bulk materials	217.35	–	100.00
* Beijing BBMG Property Investment Co., Ltd. (北京金隅房地置業有限公司)	Beijing	Real estate development, sale of self-developed commercial housing	5,000.00	–	70.00
* Beijing BBMG Aixin Tonghe Elderly Services Co., Ltd. (北京金隅愛馨通和養老服務有限公司)	Beijing	Provision of accommodation and daily care services for the elderly	50.00	–	100.00
* Beijing BBMG Aixin Taihe Elderly Services Co., Ltd. (北京金隅愛馨泰和養老服務有限公司)	Beijing	Elderly services and catering management, housework services	50.00	–	100.00
* Qingdao BBMG Yangguang Property Development Co., Ltd. (青島金隅陽光房地產開發有限公司)	Qingdao	Real estate development and fiduciary agent for sale of real estate	60,000.00	–	100.00
* Beijing BBMG Innovation and Technology Incubator Co., Ltd. (北京金隅創新科技孵化器有限公司)	Beijing	Incubating property management and technology business	5,000.00	100.00	–
* Beijing BBMG Fengshan Training Centre Co., Ltd. (北京金隅鳳山培訓中心有限公司)	Beijing	Accommodation and conference services	100.00	–	100.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through business combination under common control					
Beijing Lvduoshangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司)	Beijing	Sale of building materials and provision of technical services, etc.	2,784.85	100.00	–
Beijing Yanshui Assets Management Co., Ltd. (北京燕水資產管理有限公司)	Beijing	Manufacture of cement	6,266.85	100.00	–
Zhangjiakou Jinyu Cement Co., Ltd. (張家口金隅水泥有限公司)	Zhangjiakou	Manufacture and sale of cement and cement products	33,500.00	100.00	–
Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	Zhuolu County	Manufacture and sale of cement and cement products	30,000.00	100.00	–
Quyong Jinyu Cement Co., Ltd. (曲陽金隅水泥有限公司)	Quyong County	Manufacture and sale of cement and clinker	28,000.00	90.00	–
Beijing Bio-Island Science and Technology Co., Ltd. (北京生態島科技有限責任公司)	Beijing	Development of technologies for waste disposal and comprehensive utilisation and environmental protection	5,000.00	–	100.00
Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	Tianjin	Manufacture of cement	55,811.02	60.64	–
Tongda Refractory Technology Co., Ltd. (通達耐火技術股份有限公司)	Beijing	Research and development and manufacture of new refractory materials, etc.	28,517.14	92.83	–
Shanghai Sanming Building Materials Co., Ltd. (上海金隅三明建材有限公司)	Shanghai	Manufacture and sale of modern building materials	3,200.00	–	100.00
BBMG Human Resources Management Co., Ltd. (北京金隅人力資源管理有限公司)	Beijing	Dispatch of labour	50.00	–	100.00
BBMG Badaling Hot Spring Resort Co., Ltd. (北京金隅八達嶺溫泉度假村有限責任公司)	Beijing	Provision of travelling service and accommodation, etc.	28,600.00	–	100.00
Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奧克蘭建築防水材料有限公司)	Beijing	Processing and sale of waterproof materials	500.00	–	100.00
Beijing Xisanqi Heating Co., Ltd. (北京西三旗熱力有限責任公司)	Beijing	Manufacture of low to medium pressure steam and distilled water, etc.	7,560.00	–	100.00
BBMG Hongye Ecological Science and Technology Co., Ltd. (北京金隅宏業生態科技有限責任公司)	Beijing	Property rental and management, etc.	200.00	100.00	–
BBMG Dacheng Property Management Co., Ltd. (北京金隅大成物業管理有限公司)	Beijing	Property management	1,000.00	100.00	–
BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	Beijing	Property development etc.	290,000.00	100.00	–

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through business combination under common control <i>(continued)</i>					
Beijing Hengxing Land Real Estate Co., Ltd. (北京恒興置地房地產有限公司)	Beijing	Property development etc.	4,635.00	–	100.00
Haikou Dacheng Property Investment Co., Ltd. (海口大成置業有限公司)	Haikou	Property development etc.	1,600.00	–	100.00
BBMG Hong Kong Limited (金隅香港有限公司)	Hong Kong	Self-owned property rental	(HKD)100.00	100.00	–
Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司)	Beijing	Design of projects' decoration and furniture decoration, etc.	8,500.00	100.00	–
Beijing Building Decoration and Design Institute Co., Ltd. (北京市建築裝飾設計院有限公司)	Beijing	Decorative design technical services	2,000.00	–	100.00
Beijing Longshuncheng Chinese Style Furniture Co., Ltd. (北京市龍順成中式家具有限公司)	Beijing	Manufacture of furniture, etc.	1,292.40	–	100.00
Crane (Beijing) Building Material Co., Ltd. (柯恩(北京)建材有限公司)	Beijing	Wholesale of building materials, etc.	500.00	–	67.50
Beijing BBMG Doudian Technology Corporate Management Co., Ltd. (北京金隅實店科技企業管理有限公司)	Beijing	Manufacture of insulation and energy-saving building materials, etc.	15,037.66	100.00	–
Subsidiaries acquired through business combination not under common control					
Hetian Yuhe Sand Stone Company Limited (和田市玉河砂石有限公司)	Hetian	Manufacture and sale of concrete	2,040.80	–	51.00
Hebei BBMG Dingxin Cement Co., Ltd. (河北金隅鼎鑫水泥有限公司)	Luquan	Manufacture and sale of concrete and clinker, etc.	130,000.00	100.00	–
Hebei Taihang Huaxin Building Materials Co. Ltd. (河北太行華信建材有限責任公司)	Handan	Mining of limestone and cement products operation	22,800.00	100.00	–
Beijing Taihang Qianjing Cement Co., Ltd. (北京太行前景水泥有限公司)	Beijing	Manufacture and sale of cement and cement products, etc.	10,000.00	67.00	–
Baoding Taihang Heyi Cement Co., Ltd. (保定太行和益水泥有限公司)	Yi county	Manufacture and sale of cement and cement products, etc.	16,000.00	75.00	–

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in the subsidiaries (continued)

Information of the Company's subsidiaries is as follows: (continued)

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
Subsidiaries acquired through business combination not under common control (continued)					
Yixian Tenghui Mineral Building Materials Company Limited (易縣騰輝礦產建材有限公司)	Yi county	Sale of lime and rock materials, etc.	2,100.00	–	100.00
Handan Taihang Cement Co., Ltd. (邯鄲市太行水泥有限責任公司)	Handan	Manufacture of cement	500.00	–	51.00
Beijing Qianglian Cement Co., Ltd. (北京強聯水泥有限公司)	Beijing	Manufacture of cement	2,000.00	–	60.00
Handan BBMG Taihang Cement Co., Ltd. (邯鄲金隅太行水泥有限責任公司)	Handan	Manufacture of cement	65,000.00	94.67	–
Cheng'an BBMG Taihang Cement Co., Ltd. (成安金隅太行水泥有限公司)	Cheng'an County	Manufacture of cement	6,000.00	–	75.00
Guantao BBMG Taihang Concrete Co., Ltd. (館陶縣金隅太行混凝土有限公司)	Guantao County	Manufacture and sale of commodity concrete	4,000.00	–	100.00
Handan Shexian BBMG Cement Co., Ltd. (邯鄲涉縣金隅水泥有限公司)	She County	Manufacture and sale of cement	10,000.00	91.00	–
***Tianjin BBMG Concrete Co., Ltd. (天津金隅混凝土有限公司)	Tianjin	Concrete construction and manufacturing	31,765.13	88.79	–
Shijiazhuang BBMG Xucheng Concrete Co., Ltd. (石家莊金隅旭成混凝土有限公司)	Shijiazhuang	Manufacture and sale of concrete	20,000.00	97.80	–
Beijing Cement Plant Co., Ltd. (北京水泥廠有限責任公司)	Beijing	Manufacture of cement and mining of limestone, etc.	96,346.28	–	100.00
Beijing Chinafarge Cement Co., Ltd. (北京興發水泥有限公司)	Beijing	Manufacture of cement and clinker, etc.	31,500.00	95.70	–
BBMG Shunfa Lafarge Cement Co., Ltd. (北京金隅順發水泥有限公司)	Beijing	Manufacture of cement and clinker, etc.	15,000.00	70.00	–
Beijing Alavus Energy Saving Components Co., Ltd. (北京愛樂屋建築節能製品有限公司)	Beijing	Manufacture, sale and repair of energy efficient doors and windows	(EUR)400.00	82.00	–
Chengde BBMG Cement Co., Ltd. (承德金隅水泥有限責任公司)	Chengde	Manufacture of cement and clinker, etc.	40,000.00	85.00	–
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	Beijing	Manufacture of wood-based panels, resin for impregnated paper, etc.	1,868.81	100.00	–
BBMG Vanke Property Development Co., Ltd. (北京金隅萬科房地產開發有限公司)	Beijing	Property development and housing sale, etc.	19,000.00	–	51.00
** Xingtai BBMG Yongning Cement Co., Ltd. (邢台金隅詠寧水泥有限公司)	Xingtai	Production and sale of cement clinker	33,000.00	60.00	–

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

Information of the Company's subsidiaries is as follows: (continued)

- * Newly-established subsidiaries during the period.
- ** Newly-acquired subsidiaries during the period.
- *** In September 2010, Tianjin Building Materials Supply Corporation (天津市建築材料供應總公司) entrusted its shareholder's rights represented by the 11.21% equity interests held in Tianjin BBMG Concrete Co., Ltd.(天津金隅混凝土有限公司) under the Company Law and the Articles of Association to the Company for a term of 8 years. As at 30 June 2015, the Company held 88.79% equity interests in Tianjin BBMG Concrete Co., Ltd. with 100% voting rights.

Subsidiaries with significant minority interests are as follows:

	Percentage of minority interests	Profit or loss attributable to non-controlling shareholders	Dividend paid to non-controlling shareholders	Accumulative minority interests at the end of the period
For the six months ended 30 June 2015				
BBMG Vanke	49.00%	11,497,990.17	–	398,604,951.78
Beijing BBMG Mangrove	49.00%	8,972,908.67	–	1,295,582,989.22
Changyang Jiaye	49.00%	(550,269.40)	–	1,179,028,353.07
For the six months ended 30 June 2014				
BBMG Vanke	49.00%	47,866,312.33	–	284,411,226.60
Beijing BBMG Mangrove	49.00%	19,393,034.01	–	1,266,913,965.23
Chongqing BBMG Dacheng Shanshui	49.00%	94,892,388.37	–	1,159,353,371.08

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in the subsidiaries *(continued)*

The following table sets forth the major financial information on the above-mentioned subsidiaries. Relevant figures represent amounts before intragroup offsetting:

30 June 2015

	BBMG Vanke	BBMG Mangrove	Changyang Jiaye
Current assets	1,173,068,929.90	1,908,245,819.01	4,037,465,663.17
Non-current assets	<u>81,202,958.42</u>	<u>1,547,151,178.98</u>	<u>1,247,043.53</u>
Total assets	<u>1,254,271,888.32</u>	<u>3,455,396,997.99</u>	<u>4,038,712,706.70</u>
Current liabilities	437,074,311.73	547,209,046.16	1,632,532,394.31
Non-current liabilities	<u>3,718,083.16</u>	<u>264,141,035.06</u>	<u>–</u>
Total liabilities	<u>440,792,394.89</u>	<u>811,350,081.22</u>	<u>1,632,532,394.31</u>

For the six months ended 30 June 2015

Operating revenue	74,050,515.73	182,721,869.25	–
Net profit	23,465,286.07	18,312,058.52	(1,122,998.78)
Total comprehensive income	<u>23,465,286.07</u>	<u>18,312,058.52</u>	<u>(1,122,998.78)</u>
Net cash flows from operating activities	<u>(205,426,456.46)</u>	<u>4,546,621.36</u>	<u>(1,125,976,149.90)</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in joint ventures and associates

	Place of registration/ Place of principal business	Business nature	Registered capital RMB ten thousand	Percentage of shareholding (%)		Accounting treatment
				Direct	Indirect	
Joint ventures						
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	Dachang County	Production of mineral wool acoustic board	USD54,520	50.00	–	Equity method
BBMG Landao Commercial Operation Management Co., Ltd. (北京金隅藍島商業運營管理有限公司)	Beijing	Commodities retail	6,000	–	50.00	Equity method
Associates						
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土有限責任公司)	Beijing	Production of concrete, pumping	55,000	25.00	–	Equity method
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	Beijing	Production of fiberboards and artificial boards	USD57,380	30.00	–	Equity method
Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司)	Beijing	Production of wear resisting composite floors	USD23,500	30.00	–	Equity method
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	Beijing	Production of radiators	USD27,500	26.70	–	Equity method
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科寧複合材料(北京)有限公司)	Beijing	Complete non-standard control of concrete and pumping	55,000	20.00	–	Equity method
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	Beijing	Design and production of equipment	10,000	–	23.00	Equity method

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in joint ventures and associates *(continued)*

The following table sets forth the consolidated financial information on the joint ventures and subsidiaries of the Group:

	For the six months ended	
	30 June 2015	2014
Joint ventures		
Total carrying amount of investments	13,103,104.58	21,717,392.44
Total amount calculated based on shareholding		
Net profit	(8,331,726.02)	(50,640,300.85)
Total comprehensive income	(8,331,726.02)	(50,640,300.85)
Associates		
Total carrying amount of investments	292,462,335.01	297,618,365.40
Total amount calculated based on shareholding		
Net profit	(4,305,030.39)	22,190,517.27
Total comprehensive income	(4,305,030.39)	22,190,517.27

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

	30 June 2015	30 June 2015	31 December 2014	31 December 2014
Financial assets	Loans and receivables	Available-for-sale financial assets	Loans and receivables	Available-for-sale financial assets
Cash and bank balances	8,210,654,264.74	–	10,980,171,602.68	–
Bills receivable	2,027,447,550.03	–	2,651,027,709.78	–
Accounts receivable	6,293,431,481.03	–	5,404,832,534.14	–
Interest receivable	2,641,275.74	–	2,641,275.74	–
Dividends receivable	3,041,000.00	–	2,190,000.00	–
Other receivables	2,377,093,792.48	–	1,526,701,727.39	–
Available-for-sale financial assets	–	1,105,113,250.00	–	1,105,113,250.00
	18,914,309,364.02	1,105,113,250.00	20,567,564,849.73	1,105,113,250.00

	30 June 2015	31 December 2014
Financial liabilities	Other financial liabilities	Other financial liabilities
Short-term loans	14,644,489,810.68	11,635,636,481.02
Bills payable	326,891,000.00	237,215,529.94
Accounts payable	8,792,444,870.56	9,297,548,205.02
Interest payable	602,572,442.93	493,293,223.16
Dividends payable	180,539,573.98	55,522,242.70
Other payables	4,562,556,339.88	3,037,874,325.23
Non-current liabilities due within one year	9,744,589,048.34	6,116,513,981.62
Long-term loans	3,764,000,000.00	6,779,500,000.00
Bonds payable	11,700,000,000.00	9,069,911,156.24
Short-term financing bonds payable	1,000,000,000.00	6,600,000,000.00
Long-term payables	20,730,882.06	22,209,372.56
	55,338,813,968.43	53,345,224,517.49

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

2. Transfers of financial assets

As at 30 June 2015, the Group endorsed to its suppliers for settlement of accounts payable or bank acceptance bills and commercial acceptance bills discounted to the banks with a carrying amount of RMB1,616,641,054.80 and RMB87,207,799.47 respectively, of which an amount of RMB788,383,358.87 was derecognised and an amount of RMB915,465,495.40 was not derecognised.

Financial assets transferred but not yet fully derecognised

As at 30 June 2015, the Group endorsed bank acceptance bills and commercial acceptance bills with a carrying amount of RMB812,913,885.23 and RMB74,994,708.79 respectively (31 December 2014: RMB933,652,137.04 and RMB152,823,779.23 respectively) to its suppliers for settlement of accounts payable, and bank acceptance bills and commercial acceptance bills discounted to the banks with carrying amount of RMB15,343,810.70 and RMB12,213,090.68 respectively (31 December 2014: bank acceptance bills of RMB4,983,581.02). As the Group is of the opinion that the Group has retained substantially all their risks and rewards, including the default risk associated, the Group continues to recognise them and the settled accounts payable or short-term borrowings associated therewith. After the endorsement or discount, the Group no longer reserves the rights to use these financial assets, including the rights to sell, transfer or pledge to any other third party. As at 30 June 2015, the carrying amount of accounts payable settled or short-term borrowings secured by the Group through these financial assets amounted to RMB887,908,594.02 and RMB27,556,901.38 respectively (31 December 2014: RMB1,086,475,916.27 and RMB4,983,581.02 respectively).

Transferred financial assets fully derecognised but with continuing involvement

As at 30 June 2015, the Group endorsed to its suppliers bank acceptance bills with a carrying amount of RMB788,383,358.87 (31 December 2014: RMB1,804,158,397.17) for settlement of accounts payable. As at 30 June 2015, the maturities ranged from 1 to 12 months. Pursuant to relevant provisions of the "Law of Negotiable Instruments", the holders of commercial instruments shall have the right of recourse against the Group ("Continuing Involvement") if the relevant acceptance bank defaults. As the Group is of the opinion that the Group has transferred substantially all their risks and rewards, the Group has derecognised them and the settled accounts payable associated therewith (carrying amounts). The maximum exposure to loss from the Group's Continuing Involvement and repurchase and the undiscounted cash flows equal to their carrying amounts. The Group is of the opinion that the fair value of the Continuing Involvement is insignificant.

For the six months ended 30 June 2015, no income or expenses were recognised for the current year or on an accumulative basis as a result of the Group's Continuing Involvement in derecognised financial assets. Endorsements were incurred basically evenly during the period.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks

The Group's principal financial instruments comprise bank borrowings, commercial papers payable, bonds payable and cash and bank balances. The main purpose of these financial instruments is to raise capital for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets, bills receivable and other receivables, etc. arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's accounts receivable are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over the balances of accounts receivable.

Please refer to Note V. 3 and 7 for quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Credit risk *(continued)*

As at 30 June 2015 and 31 December 2014, the aging analysis of financial assets not considered to be impaired is set out as follows:

30 June 2015

	Total	Neither past due nor impaired	Past due		
			Within 3 months	3 to 6 months	Over 6 months
Accounts receivable	5,663,308,734.79	3,669,044,418.43	1,374,065,134.30	215,453,019.52	404,746,162.54
Other receivables	2,343,665,911.42	2,343,665,911.42	-	-	-
Bills receivable	2,027,447,550.03	2,027,447,550.03	-	-	-
Interest receivable	2,641,275.74	-	-	-	2,641,275.74
Dividends receivable	3,041,000.00	3,041,000.00	-	-	-
Available-for-sale financial assets	1,105,113,250.00	1,105,113,250.00	-	-	-

31 December 2014

	Total	Neither past due nor impaired	Past due		
			Within 3 months	3 to 6 months	Over 6 months
Accounts receivable	4,839,952,385.95	2,761,279,990.21	1,305,989,773.67	421,824,244.23	350,858,377.84
Other receivables	1,491,082,472.19	1,491,082,472.19	-	-	-
Bills receivable	2,651,027,709.78	2,651,027,709.78	-	-	-
Interest receivable	2,641,275.74	2,641,275.74	-	-	-
Dividends receivable	2,190,000.00	2,190,000.00	-	-	-
Available-for-sale financial assets	1,105,113,250.00	1,105,113,250.00	-	-	-

As at 30 June 2015, the accounts receivable that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

As at 30 June 2015, the accounts receivable that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on the past experience, the Group believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, financial leasing, bonds payable and other interest-bearing borrowings. In addition, the Group can also raise equity capital by way of channels including non-public issue, so as to fund its own operations and development.

The liquidity of the Group is primarily dependent on adequate cash inflows from operations to meet its debt obligations as they fall due and external financing to meet its committed future capital expenditure. With respect to future capital commitment and other funding requirements, the Company's credit facilities granted by domestic banks amounted to RMB40.383 billion as at 30 June 2015, of which RMB19.315 billion remained used.

The table below summarises the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

As at 30 June 2015

	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable	8,792,444,870.56	-	-	-	8,792,444,870.56
Interest payable	602,572,442.93	-	-	-	602,572,442.93
Dividends payable	180,539,573.98	-	-	-	180,539,573.98
Other payables	4,562,556,339.88	-	-	-	4,562,556,339.88
Bills payable	326,891,000.00	-	-	-	326,891,000.00
Long-term payables	4,599,600.00	4,599,600.00	4,599,600.00	11,499,000.00	25,297,800.00
Bank borrowings	20,300,878,282.69	1,031,122,994.86	248,002,041.93	4,731,108,208.22	26,311,111,527.70
Bonds payable	10,635,480,000.00	7,119,080,000.00	2,390,500,000.00	5,460,000,000.00	25,605,060,000.00
	<u>45,405,962,110.04</u>	<u>8,154,802,594.86</u>	<u>2,643,101,641.93</u>	<u>10,202,607,208.22</u>	<u>66,406,473,555.05</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Liquidity risk *(continued)*

As at 31 December 2014

	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable	9,297,548,205.02	-	-	-	9,297,548,205.02
Interest payable	493,293,223.16	-	-	-	493,293,223.16
Dividends payable	55,522,242.70	-	-	-	55,522,242.70
Other payables	3,037,874,325.23	-	-	-	3,037,874,325.23
Bills payable	237,215,529.94	-	-	-	237,215,529.94
Long-term payables	4,599,600.00	4,599,600.00	4,599,600.00	13,798,800.00	27,597,600.00
Bank borrowings	15,886,306,647.98	3,679,456,032.88	729,406,114.25	4,803,845,826.71	25,099,014,621.82
Bonds payable	10,403,980,000.00	2,587,580,000.00	2,390,500,000.00	5,460,000,000.00	20,842,060,000.00
	<u>39,416,339,774.03</u>	<u>6,271,635,632.88</u>	<u>3,124,505,714.25</u>	<u>10,277,644,626.71</u>	<u>59,090,125,747.87</u>

Market risk

Interest rate risk

The Group's exposure to the changes in market interest rates is mainly related to the floating-rate long-term liabilities of the Group. The Group manages its interest cost using a mix of fixed- and floating-rate debts.

The sensitivity analysis of interest rate risk reflects the impact on net profit through the impact on floating-rate borrowings and shareholders' equity when a reasonably possible change in interest rates occurs, with all other variables held constant.

If interest rate had been increased or decreased by 1 percentage point with all other variables held constant, the Group's total profit for the six months ended 30 June 2015 and the six months ended 30 June 2014 would decrease or increase by approximately RMB135,058,806.11 and RMB145,430,158.46 respectively, and except for the retained earnings, it would have no impact on other constituents of the Group's consolidated equity.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

3. Financial Instruments Risks *(continued)*

Market risk *(continued)*

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to foreign currency risk mainly arises from certain financial assets and liabilities held by the Group that are principally denominated in United States dollars and Hong Kong dollars.

The table below demonstrates the sensitivity analysis of foreign exchange risk to a possible change in exchange rates of Renminbi against United States dollars or Hong Kong dollars, with all other variables held constant, with respect to the effects on total profit and shareholder's equity for the relevant period.

	Percentage of appreciation	Total profit Increase/(decrease)	Equity (Note) Increase/(decrease)
For the six months ended 30 June 2015	USD appreciation of 1%	79,543.57	–
For the six months ended 30 June 2015	HKD appreciation of 1%	22,069.58	1,485.94
For the six months ended 30 June 2014	USD appreciation of 1%	19,076.42	–
For the six months ended 30 June 2014	HKD appreciation of 1%	21,197.48	1,542.36

Note: Retained earnings excluded from equity.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

4. Capital management

The main objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. For the six months ended 30 June 2015 and the six months ended 30 June 2014, there was no change in the Group's capital management objectives, policies or procedures.

The Group manages its capital using leverage ratio, which is calculated by dividing net debts by owners' equity. It is the Group's policy to maintain its leverage ratio between 80% and 95%. Net debts include bank borrowings, bonds payable and commercial papers, while capital refers to equity capital. The Group's leverage ratios as at the balance sheet dates are set out as follows:

	30 June 2015	31 December 2014
Interest-bearing borrowings	23,468,609,810.68	21,728,556,481.02
Bonds payable	16,381,273,744.80	11,869,911,156.24
Commercial papers	1,000,000,000.00	6,600,000,000.00
	40,849,883,555.48	40,198,467,637.26
Less: Cash and bank balances	(8,210,654,264.74)	(10,980,171,602.68)
Net debts	32,639,229,290.74	29,218,296,034.58
Owners' equity	35,639,186,999.56	36,247,388,141.43
Leverage ratio	91.58%	80.61%

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

IX. DISCLOSURE OF FAIR VALUE

1. Assets measured at fair value

	Inputs used for measurement of fair value			Total RMB thousand
	Quoted price in active market (Level 1) RMB thousand	Significant observable inputs (Level 2) RMB thousand	Significant unobservable inputs (Level 3) RMB thousand	
30 June 2015				
Investment properties	–	692,000,000.00	13,620,421,009.38	14,312,421,009.38
31 December 2014				
Investment properties	–	692,000,000.00	13,359,809,039.03	14,051,809,039.03

The Group takes the date on which the event resulting in the change in hierarchies occurred as the point of time to identify such change in hierarchies. During the six months ended 30 June 2015, there was no change in fair value hierarchies of investment properties of the Group.

The following table sets forth the changes in Level 3 fair value of the investment properties of the Group for the six months ended 30 June 2015:

	Commercial properties
Value as at 1 January 2015	13,359,809,039.03
Gains from changes in fair value	260,611,970.35
Value as at 30 June 2015	13,620,421,009.38

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

IX. DISCLOSURE OF FAIR VALUE *(continued)*

1. Assets measured at fair value *(continued)*

The following sets forth the valuation method and key parameters used for the valuation of fair value of the investment properties for the six months ended 30 June 2015:

Valuation method	Significant unobservable inputs	Range of variation
Income approach	Unit rental (RMB/sq.m./day)	1.03-16.15
	Term yield	5.50%-8.00%
	Reversionary yield	6.00%-8.50%

For Level 3 fair value measurement under income approach, term and reversion approach in particular, the rental income derived from the existing tenancies with due allowance for the reversionary potential of the investment property is capitalised at the capitalisation rate. The estimated net leased income is capitalised over the remaining term of lease of the investment property at an appropriate market yield expected by investors for the type of properties to calculate the fair value of investment properties.

For Level 2 fair value measurement under the market comparable approach, the fair value of the investment property is estimated upon the principle of substitution under which the value of such investment property approximates the value of a comparable substitute property for a potential buyer. In theory, the best comparable transaction would be an exact duplicate of the subject property. In practice, the value of the evaluated property at the benchmark date of evaluation is calculated on the basis of a comparison with the recent selling prices of similar properties and adjustment based on the transaction detail, transaction date, the condition of the property, etc.

2. Assets and liabilities disclosed at fair value

	Inputs used for measurement of fair value			Total
	Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
30 June 2015				
Long-term borrowings	-	3,764,000,000.00	-	3,764,000,000.00
Bonds payable	-	11,700,000,000.00	-	11,700,000,000.00
Long-term payables	-	20,730,882.06	-	20,730,882.06
31 December 2014				
Long-term borrowings	-	6,779,500,000.00	-	6,779,500,000.00
Bonds payable	-	8,992,354,312.55	-	8,992,354,312.55
Long-term payables	-	22,209,372.56	-	22,209,372.56

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

IX. DISCLOSURE OF FAIR VALUE *(continued)*

3. Valuation of Fair Value

The table below shows the carrying amount and fair value of each category of financial instruments of the Group other than short-term financial instruments with minor differences between the carrying amount and fair value:

	Carrying amount		Fair value	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Financial liabilities				
Long-term borrowings	3,764,000,000.00	6,779,500,000.00	3,764,000,000.00	6,779,500,000.00
Bonds payable	11,700,000,000.00	8,992,354,312.55	11,700,000,000.00	8,992,354,312.55
Long-term payables	20,730,882.06	22,209,372.56	20,730,882.06	22,209,372.56
	15,484,730,882.06	15,794,063,685.11	15,484,730,882.06	15,794,063,685.11

The management has assessed and considered that the fair values of the short-term financial assets and financial liabilities, such as cash and bank balances, bills receivable, accounts receivable, interest receivable, other receivables, bills payable, accounts payable, interest payable and other payables, approximate their carrying amounts due to the short maturity of these instruments.

The Group's finance team is led by the Finance Manager, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the Audit Committee. As at each balance sheet date, the finance team analyses changes in the value of financial instruments and determines the main inputs applicable to the valuation. The valuation must be reviewed and approved by the chief financial officer. For the purpose of preparing interim and annual financial statements, meetings with the Audit Committee are held twice a year to discuss the valuation process and results.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

The fair values of long-term and short-term borrowings, bonds payable, long-term payables and similar items are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 30 June 2015, the Group's exposure to non-performance risk associated with the long-term borrowings, bonds payable and long-term payables is assessed as insignificant.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company

Type of corporation	Place of registration	Legal representative	Nature of business	Registered capital RMB ten thousand	Proportion of shareholding (%)	Proportion of votes (%)	Organisation code	
BBMG Group	Limited liability company	Beijing	Jiang Weiping	Operation and management of state-owned assets within the authorised scope; manufacture and sale of building materials, non-metallic minerals, furniture, construction hardware, etc.; comprehensive property development, etc.	314,069	47.92	47.92	10113006-6

BBMG Group is the parent and ultimate holding company of the Company.

2. Subsidiaries

For details on the subsidiaries, please refer to Note VII. 1 Interests in Subsidiaries.

3. Joint ventures and associates

For details of the joint ventures and associates, please refer to Note V. 11 and Note VII. 2.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

4. Other related parties

Names of other related parties	Relationship with related parties	Organisation code
Zhuhai Jinyu Yale Property Management Co., Ltd.	Under common control of the parent company	19252930-3
Beijing Fumin House Co., Ltd.	Under common control of the parent company	10219626-X
BBMG Jianmao Property Management Centre	Under common control of the parent company	10161139-6
Beijing Xisha Assets Management Co., Ltd.	Under common control of the parent company	10189622-1
Beijing Guanghua Woodworking Factory	Under common control of the parent company	10110042-2
Beijing Doors and Windows Co., Ltd.	Under common control of the parent company	10110161-X
Beijing Longfengshan Sands and Stone Factory	Under common control of the parent company	10262614-3
Beijing Hazardous Waste Materials Treatment Centre	Under common control of the parent company	70012505-8
Beijing No. 54 Occupational Skill Testing Institution	Under common control of the parent company	40071158-1
Handan Hanni Building Materials Co., Ltd.	Under common control of the parent company	67469504-8
BBMG Properties Limited	Under common control of the parent company	67425108-4
BBMG Sports Culture Co., Ltd.	Under common control of the parent company	67962969-9
Beijing Jinyu Scien-tech School	Under common control of the parent company	40070953-7
Party School of the Communist Party Committee of China Beijing Building Materials Group Corporation	Under common control of the parent company	40070955-3
Beijing Dacheng Real Estate Development Co., Ltd.	Under common control of the parent company	10139366-7
Beijing Dacheng Anjia Property Management Centre	Under common control of the parent company	79671299-3
Beijing Chengrong Real Estate Development Co., Ltd.	Under common control of the parent company	60001883-7
Beijing Research Institute of Wood Industry	Under common control of the parent company	40070951-0
China National Materials Company Limited	Shareholder with shareholding of 5% or more	10000610-0

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties

(1) Transactions concerning goods and services with related parties

Type of goods or services	For the six months ended		
	30 June 2015	30 June 2014	
Purchase of goods and receipt of services from related parties			
Transactions with jointly-controlled entities and associates			
STAR-USG Building Materials Co., Ltd.	Purchase of raw materials	199,548.43	527,036.43
Krono (Beijing) Woods Co., Ltd.	Purchase of raw materials	103,226,465.38	58,099,220.46
Beijing Sinobaide Technology Co., Ltd.	Purchase of raw materials	8,946,659.85	6,730,876.00
Zehnder (China) Indoor Climate Co., Ltd.	Purchase of raw materials	930,104.51	1,075,449.00
		<u>113,302,778.17</u>	<u>66,432,581.89</u>
Transactions with other related parties			
BBMG Dacheng Real Estate Development Co., Ltd.	Purchase of raw materials	32,552.00	28,992.00
Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution	Receipt of services	-	5,158.00
Beijing Building Materials Industry Metrological Supervision Institute	Receipt of services	-	19,600.00
Beijing Longfengshan Sands and Stone Factory	Receipt of services	35,000.00	430,136.02
Party School of the Communist Party Committee of China Beijing Building Materials Group Corporation	Receipt of services	2,800.00	5,200.00
Beijing Jinyu Scien-tech School	Receipt of services	60,120.00	56,190.00
		<u>130,472.00</u>	<u>545,276.02</u>
		<u>113,433,250.17</u>	<u>66,977,857.91</u>
Sale of goods and render of services to related parties			
BBMG Group	Render of services	1,490,101.89	1,056,941.80
Transactions with jointly-controlled entities and associates			
Krono (Beijing) Woods Co., Ltd.	Sale of goods, Render of services	20,032,192.34	16,116,533.13
Beijing Sinobaide Technology Co., Ltd.	Sale of goods	46,955.60	40,186.40
Beijing Gaoqiang Concrete Co., Ltd.	Sale of goods	1,699,551.97	8,601,201.83
STAR-USG Building Materials Co., Ltd.	Sale of goods	-	745,977.23
STAR-USG Building Materials Co., Ltd.	Render of services	18,867.92	-
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods	8,903,164.69	9,577,085.51
Zehnder (China) Indoor Climate Co., Ltd.	Sale of goods	199,995.00	-
		<u>30,900,727.52</u>	<u>35,080,984.10</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(1) Transactions concerning goods and services with related parties *(continued)*

	Type of goods or services	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Sale of goods and render of services to related parties <i>(continued)</i>			
Transactions with other related parties			
Handan Hanni Building Materials Co., Ltd.	Sale of goods	100,897.51	215,711.18
BBMG Sports Culture Co., Ltd.	Render of services	30,000.00	1,764,470.00
Beijing Wooden Furniture Quality Assurance Centre	Render of services	–	40,078.97
Beijing Xisha Assets Management Co., Ltd.	Render of services	400,000.00	800,000.00
	Sale of goods	64,564,900.00	43,133,900.00
Beijing Dacheng Real Estate Development Co., Ltd.	Render of services	451,661.08	343,008.21
	Sale of goods	–	20,000.00
Beijing Guanghua Woodworking Factory	Render of services	1,700,000.00	2,800,000.00
BBMG Jianmao Property Management Centre	Render of services	1,626,597.58	–
Beijing Doors and Windows Co., Ltd.	Render of services	606,276.59	–
BBMG Properties Limited	Render of services	1,260,400.00	–
		70,740,732.76	49,117,168.36
		103,131,562.17	85,255,094.26

Purchase or sale of goods and receipt or render of services from/to related parties by the Group are carried out at market price according to the terms of the agreements entered into between the Group and related parties.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(2) Leases with related parties

As lessor

Name of the lessee	Category of leased assets	Leasing income for the six months ended 30 June 2015	Leasing income for the six months ended 30 June 2014
STAR-USG Building Materials Co., Ltd.	Building	5,548,164.88	5,591,123.18
Krono (Beijing) Woods Co., Ltd.	Building	2,986,402.89	4,755,100.76
OCV Reinforcements (Beijing) Co., Ltd.	Plant	876,915.75	894,915.75
Beijing Sinobaide Technology Co., Ltd.	Building	173,648.75	130,236.56
Beijing Dacheng Real Estate Development Co., Ltd.	Building	2,387,690.16	2,387,690.16
BBMG Group	Building	314,700.00	–
		12,287,522.43	13,759,066.41

As lessee

Name of the lessor	Category of leased assets	Leasing expenses for the six months ended 30 June 2015	Leasing expenses for the six months ended 30 June 2014
Beijing Longfengshan Sands and Stone Factory	Premise	60,000.00	50,000.00
Beijing Xisha Assets Management Co., Ltd.	Building	1,613,498.00	1,613,500.00
BBMG Dacheng Real Estate Development Co., Ltd.	Building	155,380.50	–
		1,828,878.50	1,663,500.00

The rentals from the assets leased out to or leased from related parties by the Group are based on the terms of the agreements entered into between the Group and related parties by making reference to market prices.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(3) Guarantees received from/provided to related parties

Guarantees received from related parties

For the six months ended 30 June 2015

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Group	Quyung Jinyu Cement Co., Ltd.	350,000,000.00	2 September 2010	25 December 2015	No
BBMG Group	Quyung Jinyu Cement Co., Ltd.	40,000,000.00	24 November 2010	25 December 2015	No
BBMG Group	Quyung Jinyu Cement Co., Ltd.	10,000,000.00	2 March 2011	25 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	28,800,000.00	16 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	5,700,000.00	20 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	9,600,000.00	13 October 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	2,000,000.00	2 March 2011	22 December 2015	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	420,000,000.00	27 June 2013	26 June 2016	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	200,000,000.00	18 October 2013	26 June 2016	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	20,000,000.00	18 April 2014	26 June 2016	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	100,000,000.00	6 May 2014	26 June 2016	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	100,000,000.00	7 May 2014	26 June 2016	No
		<u>1,286,100,000.00</u>			

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(3) Guarantees received from/provided to related parties *(continued)*

Guarantees received from related parties (continued)

For the six months ended 30 June 2014

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	3,600,000.00	22 December 2009	22 December 2014	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	3,600,000.00	22 December 2009	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	5,400,000.00	29 December 2009	22 December 2014	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	5,400,000.00	29 December 2009	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	9,000,000.00	1 February 2010	22 December 2014	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	9,000,000.00	1 February 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	28,800,000.00	16 August 2010	22 December 2014	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	28,800,000.00	16 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	5,700,000.00	20 August 2010	22 December 2014	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	5,700,000.00	20 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	9,600,000.00	13 October 2010	22 December 2014	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	9,600,000.00	13 October 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	3,900,000.00	2 March 2011	22 December 2014	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	3,900,000.00	2 March 2011	22 December 2015	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	350,000,000.00	2 September 2010	25 December 2015	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	40,000,000.00	24 November 2010	25 December 2015	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	10,000,000.00	2 March 2011	25 December 2015	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	420,000,000.00	27 June 2013	26 June 2016	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	200,000,000.00	18 October 2013	26 June 2016	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	20,000,000.00	18 April 2014	26 June 2016	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	100,000,000.00	6 May 2014	26 June 2016	No
BBMG Group	BBMG GEM Real Estate Development Co., Ltd.	100,000,000.00	7 May 2014	26 June 2016	No
		1,372,000,000.00			

The above related parties provided guarantees in respect of borrowings for the Group with nil consideration.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Borrowing from/lending to related parties

Borrowings

For the six months ended 30 June 2014

	Note	Amount	Commencement date	Maturity date
BBMG Group	(4b)	303,110,700.00	3 March 2014	18 April 2014
BBMG Group	(4b)	60,200,000.00	10 March 2014	10 March 2015
BBMG Group	(4b)	1,250,685,300.00	10 March 2014	18 April 2014

Note: Through financial institutions, the Group obtained entrusted loans of RMB1,613,996,000.00 from BBMG Group, which were used for liquidity purposes. The interest rates of each of the above loans was in line with the benchmark rate for loans of the same period and same ranking issued by the People's Bank of China on the drawdown date corresponding to the period of the loan. As at 30 June 2015, the loans have been repaid in full. No new borrowing from related parties was made by the Group during the period.

Interest income from lending:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
STAR-USG Building Materials Co., Ltd.	–	2,477,897.84

Interest expenses on borrowings:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
BBMG Group	–	73,132,966.83

(5) Remuneration for key management personnel

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Remuneration for key management personnel	2,137,100.00	2,133,510.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables due from related parties

	30 June 2015	31 December 2014
Accounts receivable		
Due from associates		
Beijing Gaoqiang Concrete Co., Ltd.	–	60,512,235.97
Zehnder (China) Indoor Climate Co., Ltd.	219,271.00	19,276.00
OCV Reinforcements (Beijing) Co., Ltd.	292,305.25	50,000.00
	511,576.25	60,581,511.97
Due from a joint venture		
STAR-USG Building Materials Co., Ltd.	12,577,529.23	8,929,364.35
Due from other related parties		
Beijing Dacheng Real Estate Development Co., Ltd.	5,594,878.14	6,154,805.46
Beijing Xisha Assets Management Co., Ltd.	200,000.00	–
BBMG Properties Limited	720,400.00	–
	6,515,278.14	6,154,805.46
	19,604,383.62	75,665,681.78
Bills receivable		
Due from an associate		
Krono (Beijing) Woods Co., Ltd.	3,104,740.00	–
Advances to suppliers		
Prepayments to associates		
Beijing Sinobaide Technology Co., Ltd.	–	120,542.46
Zehnder (China) Indoor Climate Co., Ltd.	193,492.09	236,929.30
	193,492.09	357,471.76
Prepayments to other related parties		
Beijing Dacheng Real Estate Development Co., Ltd.	3,385.72	–
Beijing Hazardous Waste Materials Treatment Centre	800,000.00	–
	803,385.72	–
	996,877.81	357,471.76
Dividends receivable		
Due from an associate		
Beijing Sinobaide Technology Co., Ltd.	851,000.00	–

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables due from related parties *(continued)*

	30 June 2015	31 December 2014
Other receivables		
Due from associates		
Zehnder (China) Indoor Climate Co., Ltd.	9,500.00	12,119,564.73
Krono (Beijing) Woods Co., Ltd.	16,041,695.93	11,738,494.56
Krono (Beijing) Flooring Co., Ltd.	200,000.00	200,000.00
Beijing Sinobaide Technology Co., Ltd.	43,412.19	–
	<u>16,294,608.12</u>	<u>24,058,059.29</u>
Due from a joint venture		
STAR-USG Building Materials Co., Ltd.	82,567,062.06	85,821,753.31
	<u>98,861,670.18</u>	<u>109,879,812.60</u>
Interest receivable		
Due from a joint venture		
STAR-USG Building Materials Co., Ltd.	2,641,275.74	2,641,275.74

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

7. Balances of payables to related parties

	30 June 2015	31 December 2014
Accounts payable		
Due to associates		
Zehnder (China) Indoor Climate Co., Ltd.	96,000.00	96,000.00
Beijing Sinobaide Technology Co., Ltd.	3,116,965.56	–
OCV Reinforcements (Beijing) Co., Ltd.	3,800.00	3,800.00
Krono (Beijing) Woods Co., Ltd.	18,608,283.43	338,764.11
	<u>21,825,048.99</u>	<u>438,564.11</u>
Due to a joint venture		
STAR-USG Building Materials Co., Ltd.	1,475,871.31	1,366,809.63
Due to other related parties		
Beijing Dacheng Real Estate Development Co., Ltd.	276,291.00	276,291.00
	<u>23,577,211.30</u>	<u>2,081,664.74</u>
Advances from customers		
Advances from associates		
Beijing Gaoqiang Concrete Co., Ltd.	123.20	–
OCV Reinforcements (Beijing) Co., Ltd.	2,520.00	–
	<u>2,643.20</u>	<u>–</u>
Advances from other related parties		
Beijing Longfengshan Sands and Stone Factory	149,098.29	149,098.29
Beijing Xisha Assets Management Co., Ltd.	–	64,564,900.00
	<u>149,098.29</u>	<u>64,713,998.29</u>
	<u>151,741.49</u>	<u>64,713,998.29</u>
Other payables		
Due to the parent company		
BBMG Group	207,593,935.54	90,200,917.80
Due to associates		
Beijing Sinobaide Technology Co., Ltd.	130,236.56	–
OCV Reinforcements (Beijing) Co., Ltd.	159,200.00	159,200.00
	<u>289,436.56</u>	<u>159,200.00</u>
Due to a joint venture		
STAR-USG Building Materials Co., Ltd.	375,749.24	176,200.81
	<u>208,259,121.34</u>	<u>90,536,318.61</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

7. Balances of payables to related parties *(continued)*

Except for the balances due from STAR-USG Building Materials Co., Ltd. which are interest-bearing, other amounts due from/to related parties are interest-free, unsecured and have no fixed terms of repayment.

XI. CONTINGENCIES

	Note	30 June 2015	31 December 2014
Provision of guarantee to third parties	Note 1	6,636,364,643.46	6,229,968,642.05

Note 1: Certain customers of the Group have purchased the commodity housing developed by the Group by way of bank mortgage (secured loans). According to bank requirements for disbursing secured loans to individuals for purchase of housing, the Group has provided periodic joint and several guarantees for such loans disbursed by banks for home buyers. These guarantees will be released upon obtaining building ownership certificates and completion of housing mortgage registration formalities by the home buyers. The Board is of the opinion that in the event of default in payments, the net realisable 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.

XII. COMMITMENTS

	30 June 2015	31 December 2014
Asset acquisition or construction contracts entered into but not completed	229,604,921.93	135,966,972.58
Property development contracts entered into and being executed or will be executed	7,016,443,166.10	7,638,005,516.15
Equity acquisition contracts approved but not executed	–	245,668,600.00
	7,246,048,088.03	8,019,641,088.73

The significant commitments made by the Group as at 31 December 2014 have been duly performed as previously undertaken.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XIII. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Nil.

XIV. OTHER SIGNIFICANT MATTERS

1. Lease

As lessor

Significant operating leases: according to the lease contracts entered into with lessees, the minimum lease receipts under non-cancellable operating leases are as follows:

	30 June 2015	31 December 2014
Within 1 year (inclusive of 1 year)	894,929,086.56	652,230,966.29
1 to 2 years (inclusive of 2 years)	642,244,394.52	602,054,318.45
2 to 3 years (inclusive of 3 years)	291,455,522.86	331,242,099.15
Over 3 years	424,189,304.26	412,199,345.75
	<u>2,252,818,308.20</u>	<u>1,997,726,729.64</u>

Please refer to Note V. 12 and 13 for details of investment properties and fixed assets leased under operating leases.

As lessee

Significant operating leases: according to the lease contracts entered into with lessors, the minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2015	31 December 2014
Within 1 year (inclusive of 1 year)	36,118,526.00	54,331,374.79
1 to 2 years (inclusive of 2 years)	43,572,364.02	26,930,863.28
2 to 3 years (inclusive of 3 years)	29,241,188.84	24,053,014.52
Over 3 years	150,425,393.36	102,618,175.23
	<u>259,357,472.22</u>	<u>207,933,427.82</u>

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting

Operating segments

For management purposes, the Group segments its operations into business units based on the products and services provided and has four reportable operating segments as follows:

- (1) the cement and ready-mix concrete segment engages in the manufacture and sale of cement and concrete;
- (2) the modern building materials and commerce and logistics segment engages in the manufacture and sale of building materials and furniture and commerce and logistics;
- (3) the property development segment engages in the development and sale of real estate; and
- (4) the property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential and commercial properties.

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

Segment assets and segment liabilities exclude unallocated assets and liabilities of the headquarters, because all of such assets and liabilities are under the unified management of the Group.

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

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XIV. OTHER SIGNIFICANT MATTERS *(continued)*

2. Segment reporting *(continued)*

For the six months ended 30 June 2015

	Modern					Elimination on Consolidation	Total
	Cement and Ready-mix Concrete Segment	Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/Liabilities/Expenses		
Revenues from external transactions	5,254,487,881.61	5,019,718,228.96	6,481,847,273.16	1,300,237,257.06	-	-	18,056,290,640.79
Revenues from inter-segment transactions	3,073,391.50	144,173,606.69	-	72,082,382.00	-	(219,329,380.19)	-
	<u>5,257,561,273.11</u>	<u>5,163,891,835.65</u>	<u>6,481,847,273.16</u>	<u>1,372,319,639.06</u>	<u>-</u>	<u>(219,329,380.19)</u>	<u>18,056,290,640.79</u>
Gains/(losses) on investment in joint ventures and associates	(4,720,753.61)	(8,221,662.61)	-	305,659.81	-	-	(12,636,756.41)
Losses from impairment of assets	33,978,422.39	(10,006,487.57)	1,928,336.06	(43,882.68)	-	-	25,856,388.20
Depreciation and amortisation	585,216,428.56	66,295,085.68	5,605,710.68	65,726,974.02	14,711,547.88	-	737,555,746.82
Total profits/(losses)	(314,037,923.24)	(37,484,109.34)	1,562,994,712.04	789,877,405.44	(476,566,956.39)	(86,000.00)	1,524,697,128.51
Income tax expense	16,833,300.49	(494,697.49)	400,215,411.84	205,704,667.88	(119,141,739.10)	(21,500.00)	503,095,443.62
Increase in other non-current assets (excluding long-term equity investments)	587,325,343.02	346,541,528.84	5,281,134.88	49,592,039.55	-	-	988,740,046.29
Total assets	29,102,158,412.86	10,217,775,064.19	63,784,251,607.13	26,975,965,570.42	1,200,542,486.67	(14,136,524,104.47)	117,144,169,036.80
Total liabilities	14,811,524,910.37	4,519,158,462.71	52,362,205,309.25	6,773,379,626.37	14,432,210,672.77	(11,393,496,944.23)	81,504,982,037.24
Other disclosure							
Long-term equity investment in joint ventures and associates	23,090,088.47	273,055,363.87	-	3,950,552.58	-	-	300,096,004.92

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XIV. OTHER SIGNIFICANT MATTERS (continued)

2. Segment reporting (continued)

For the six months ended 30 June 2014

	Cement and Ready-mix Concrete Segment	Modern Building Materials and Commerce and Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated Corporate Assets/ Liabilities/Expenses	Elimination on Consolidation	Total
Revenues from external transactions	5,915,604,421.39	5,656,858,793.40	7,924,658,899.78	1,140,686,967.79	-	-	20,637,809,082.36
Revenues from inter-segment transactions	9,226,811.28	233,136,032.71	-	69,691,524.75	-	(312,054,368.74)	-
	5,924,831,232.67	5,889,994,826.11	7,924,658,899.78	1,210,378,492.54	-	(312,054,368.74)	20,637,809,082.36
Gains/(losses) on investment in joint ventures and associates	1,951,512.10	(704,114.48)	-	533,564.98	-	-	1,780,962.60
Losses from impairment of assets	45,995,471.88	4,269,129.31	(37,437.10)	32,624,881.18	-	-	82,852,045.27
Depreciation and amortisation	520,267,545.74	59,521,764.81	4,757,125.56	85,992,883.50	11,143,503.76	-	681,682,823.37
Total profits/(losses)	57,864,155.66	(858,131.13)	1,774,697,210.88	652,274,977.53	(387,200,796.03)	(10,115,398.68)	2,086,662,018.23
Income tax expense	35,826,568.62	(6,783,799.24)	460,836,524.61	179,311,923.30	(96,800,199.01)	(2,528,849.67)	569,862,168.61
Increase in other non-current assets (excluding long-term equity investments)	469,095,416.75	198,173,259.63	8,671,301.22	85,270,629.38	-	-	761,210,606.98
Total assets	27,587,826,812.20	9,963,429,181.37	49,504,017,532.88	23,394,129,126.73	1,071,986,000.65	(8,667,542,343.88)	102,853,846,309.95
Total liabilities	13,418,169,135.36	4,095,021,974.44	39,312,377,185.54	6,241,468,075.65	12,314,963,829.14	(6,468,917,517.54)	68,913,082,682.59
Other disclosure							
Long-term equity investment in joint ventures and associates	27,323,425.57	312,626,581.78	-	4,147,062.00	-	-	344,097,069.35

Other information

Information on products and labour services

Revenue by product/service is set out in Note V. 47.

Geographic information

The major businesses and customers of the Group are located in PRC. Segment revenue from external transactions and major non-current assets are also generated or located in PRC.

Information on our major customers

For the six months ended 30 June 2015, none of the sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues (for the six months ended 30 June 2014: nil).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XIV. OTHER SIGNIFICANT MATTERS *(continued)*

3. Supplemental information to the balance sheet

Net current assets (consolidated)	30 June 2015	31 December 2014
Current assets	75,526,934,844.64	75,018,805,818.23
Less: current liabilities	(61,618,499,501.63)	(59,513,655,635.94)
Net current assets	13,908,435,343.01	15,505,150,182.29
Total assets less current liabilities (consolidated)	30 June 2015	31 December 2014
Total assets	117,144,169,036.80	115,684,970,676.67
Less: current liabilities	(61,618,499,501.63)	(59,513,655,635.94)
Total assets less current liabilities	55,525,669,535.17	56,171,315,040.73
Net current assets (the Company)	30 June 2015	31 December 2014
Current assets	31,088,226,090.31	31,729,745,121.34
Less: current liabilities	(27,824,457,905.40)	(27,838,137,990.25)
Net current assets	3,263,768,184.91	3,891,607,131.09
Total assets less current liabilities (the Company)	30 June 2015	31 December 2014
Total assets	67,476,288,050.40	66,750,038,602.63
Less: current liabilities	(27,824,457,905.40)	(27,838,137,990.25)
Total assets less current liabilities	39,651,830,145.00	38,911,900,612.38

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Other receivables

An aging analysis of other receivables is as follows:

	30 June 2015	31 December 2014
Within 1 year	27,025,811,285.24	26,100,296,237.43
1 to 2 years	775,308.52	15,162,064.12
2 to 3 years	97,881,263.02	93,366,478.64
3 to 4 years	30,379,950.00	–
Over 5 years	11,318,416.10	41,698,366.10
	27,166,166,222.88	26,250,523,146.29
Provision for bad debts of other receivables	(40,970,070.23)	(40,970,070.23)
	27,125,196,152.65	26,209,553,076.06

Movements in provision for bad debts of other receivables are as follows:

	For the six months ended	
	30 June 2015	31 December 2014
At the beginning of the period/year	40,970,070.23	31,698,203.12
Provision for the period/year	–	9,113,985.00
Transferred in from subsidiaries	–	157,882.11
At the end of the period/year	40,970,070.23	40,970,070.23

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables (continued)

	30 June 2015				31 December 2014			
	Gross carrying amount		Provision for bad debts		Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Percentage (%)	Amount	Proportion (%)	Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	54,077,733.06	0.20	29,360,768.06	54.29	54,077,733.06	0.21	29,360,768.06	54.29
Provision for bad debts by aging:								
Within 1 year (inclusive of 1 year)	13,310,573.37	0.05	-	-	24,016,493.80	0.09	-	-
Over 5 years	9,754,425.49	0.04	9,754,425.49	100.00	9,754,425.49	0.04	9,754,425.49	100.00
	23,064,998.86	0.09	9,754,425.49	42.29	33,770,919.29	0.13	9,754,425.49	19.93
Special credit characteristics group	27,087,104,448.90	99.71	-	-	26,160,755,451.88	99.65	-	-
Individually not significant but subject to separate provision for bad debts	1,919,042.06	0.01	1,854,876.68	96.66	1,919,042.06	0.01	1,854,876.68	96.66
	27,166,166,222.88	100.00	40,970,070.23		26,250,523,146.29	100.00	40,970,070.23	

As at 30 June 2015, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons
First	30,379,950.00	9,113,985.00	30.00	Partly uncollectible
Second	23,697,783.06	20,246,783.06	85.44	Partly uncollectible
	54,077,733.06	29,360,768.06		

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables (continued)

As at 31 December 2014, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons
First	30,379,950.00	9,113,985.00	30.00	Partly uncollectible
Second	<u>23,697,783.06</u>	<u>20,246,783.06</u>	85.44	Partly uncollectible
	<u>54,077,733.06</u>	<u>29,360,768.06</u>		

As at 30 June 2015, the top 5 of other receivables were as follows:

	Closing balance	Percentage	Nature	Aging	Balance of provision for bad debts at the end of the period
BBMG GEM Real Estate Development Co., Ltd.	7,439,536,194.67	27.39	Amounts due from subsidiaries	Within one year	-
Beijing BBMG Dacheng Property Development Co., Ltd.	3,809,518,004.63	14.02	Amounts due from subsidiaries	Within one year	-
Shanghai BBMG Dacheng Property Development Co., Ltd.	1,680,000,000.00	6.18	Amounts due from subsidiaries	Within one year	-
Chengdu BBMG Dacheng Property Development Co., Ltd.	1,593,451,999.50	5.87	Amounts due from subsidiaries	Within one year	-
BBMG (Hangzhou) Property Development Limited	1,424,803,700.00	5.24	Amounts due from subsidiaries	Within one year	-
	<u>15,947,309,898.80</u>	<u>58.70</u>			

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

1. Other receivables (continued)

As at 31 December 2014, the top five other receivables are as follows:

	Closing balance	Percentage	Nature	Aging	Balance of provision for bad debts at the end of the year
BBMG GEM Real Estate Development Co., Ltd.	8,643,916,794.02	32.93	Amounts due from subsidiaries	Within one year	-
Beijing BBMG Dacheng Property Development Co., Ltd.	4,998,470,004.13	19.04	Amounts due from subsidiaries	Within one year	-
BBMG (Hangzhou) Property Development Limited	1,424,803,700.00	5.43	Amounts due from subsidiaries	Within one year	-
Hangzhou BBMG Guanchao Property Development Limited	804,366,666.67	3.06	Amounts due from subsidiaries	Within one year	-
BBMG Ligang (Tianjin) Property Development Limited	760,000,000.00	2.90	Amounts due from subsidiaries	Within one year	-
	<u>16,631,557,164.82</u>	<u>63.36</u>			

Other receivables included the amounts due from the parent, subsidiaries, joint ventures and associates, which are as follows:

	30 June 2015	31 December 2014
Amounts due from subsidiaries	27,012,279,893.04	26,051,635,844.39
Amounts due from a joint venture	81,688,940.00	81,688,940.00
Amounts due from associates	-	12,119,564.73
	<u>27,093,968,833.04</u>	<u>26,145,444,349.12</u>

The above other receivables due from related parties are unsecured and have no fixed terms of repayment.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Long-term equity investments

For the six months ended 30 June 2015

	Investment cost	Opening balance	Increase/ decrease for the period	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the period
Cost method:							
Beijing Liulih Cement Co., Ltd.	684,505,052.96	684,505,052.96	-	684,505,052.96	100	100	-
Beijing BBMG Concrete Co., Ltd.	509,235,910.27	359,235,910.27	150,000,000.00	509,235,910.27	100	100	-
Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd.	1,093,444,400.00	1,093,444,400.00	-	1,093,444,400.00	51	51	-
Hebei BBMG Dingxin Cement Co., Ltd.	1,454,400,000.00	1,454,400,000.00	-	1,454,400,000.00	100	100	-
Hebei Taihang Huaxin Building Materials Co., Ltd.	191,952,088.44	191,952,088.44	-	191,952,088.44	100	100	-
Zanhuang BBMG Cement Co., Ltd.	600,000,000.00	600,000,000.00	-	600,000,000.00	100	100	-
BBMG Cement Trading Co., Ltd.	500,000,000.00	500,000,000.00	-	500,000,000.00	100	100	-
Beijing BBMG Cement Energy Saving Technology Co., Ltd.	25,000,000.00	25,000,000.00	-	25,000,000.00	100	100	-
Zhangjiakou Jinyu Cement Co., Ltd.	353,071,805.81	353,071,805.81	-	353,071,805.81	100	100	-
Tianjin Zhengxing Cement Co., Ltd.	392,950,236.38	392,950,236.38	-	392,950,236.38	61	61	-
Quyuan Jinyu Cement Co., Ltd.	245,747,261.65	245,747,261.65	-	245,747,261.65	90	90	-
Siping BBMG Cement Co., Ltd.	156,000,000.00	156,000,000.00	-	156,000,000.00	52	52	-
Shijiazhuang BBMG Xucheng Concrete Co., Ltd.	202,047,000.00	202,047,000.00	-	202,047,000.00	98	98	-
Lanxian BBMG Cement Co., Ltd.	160,240,000.00	160,240,000.00	-	160,240,000.00	80	80	-
Qinyang BBMG Cement Co., Ltd.	144,145,100.00	144,145,100.00	-	144,145,100.00	87	87	-
Zhuolu Jinyu Cement Co., Ltd.	286,677,498.05	286,677,498.05	-	286,677,498.05	100	100	-
Beijing BBMG Tiantan Furniture Co., Ltd.	464,305,960.36	464,305,960.36	-	464,305,960.36	97	97	-
Beijing Woodworking Factory Co., Ltd.	54,556,261.16	54,556,261.16	-	54,556,261.16	100	100	-
Tongda Refractory Technology Co., Ltd.	498,030,444.48	498,030,444.48	-	498,030,444.48	93	93	-
Beijing Jinyu Energy-Saving Technology Co., Ltd.	402,450,576.31	342,450,576.31	60,000,000.00	402,450,576.31	100	100	-
Beijing Jinyu Aerated Concrete Co., Ltd.	107,946,419.68	107,946,419.68	-	107,946,419.68	100	100	-
Beijing Building Materials Academy Co., Ltd.	162,467,784.68	162,467,784.68	-	162,467,784.68	100	100	-
Beijing Keshi Hardware Co., Ltd.	64,098,826.55	64,098,826.55	-	64,098,826.55	100	100	-
Beijing Jiandu Design and Research Institute Co., Ltd.	9,405,299.48	9,405,299.48	-	9,405,299.48	100	100	-
BBMG (Dachang) Modern Industrial Park Management Co., Ltd.	500,000,000.00	500,000,000.00	-	500,000,000.00	100	100	-
Beijing Alavus Energy Saving Components Co., Ltd.	29,980,669.86	29,980,669.86	-	29,980,669.86	82	82	-

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Long-term equity investments (continued)

For the six months ended 30 June 2015 (continued)

	Investment cost	Opening balance	Increase/decrease for the period	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the period
BBMG GEM Real Estate Development Co., Ltd.	3,065,138,411.45	3,065,138,411.45	-	3,065,138,411.45	100	100	-
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd.	123,580,431.35	123,580,431.35	-	123,580,431.35	100	100	-
BBMG Property Management Co., Ltd.	99,264,530.92	89,264,530.92	10,000,000.00	99,264,530.92	100	100	-
BBMG Fengshan Hot Spring Resort Co., Ltd.	202,480,361.57	202,480,361.57	-	202,480,361.57	100	100	-
Beijing Jianji Assets Management Co., Ltd.	776,172,150.30	163,182,181.75	612,989,968.55	776,172,150.30	100	100	-
Beijing Jinhaiyan Assets Management Co., Ltd.	78,479,818.89	78,479,818.89	-	78,479,818.89	100	100	-
BBMG Property Operation Management Co., Ltd.	99,000,000.00	99,000,000.00	-	99,000,000.00	100	100	-
Beijing BBMG Dacheng Property Development Co., Ltd.	2,994,735,641.87	2,994,735,641.87	-	2,994,735,641.87	100	100	-
Tianjin BBMG Concrete Co., Ltd.	347,454,707.80	347,454,707.80	-	347,454,707.80	89	89	-
Beijing Jinyu Pinggu Cement Co., Ltd.	150,000,000.00	150,000,000.00	-	150,000,000.00	100	100	-
Beijing BBMG Mining Co., Ltd.	5,000,000.00	5,000,000.00	-	5,000,000.00	100	100	-
Lingchuan BBMG Cement Co., Ltd.	250,000,000.00	250,000,000.00	-	250,000,000.00	100	100	-
Beijing BBMG Coating Co., Ltd.	95,421,200.61	95,421,200.61	-	95,421,200.61	100	100	-
Beijing BBMG Business and Trading Co., Ltd.	660,000,000.00	660,000,000.00	-	660,000,000.00	100	100	-
Beijing Jinhaiyan Property Management Co., Ltd.	13,133,292.75	5,633,292.75	7,500,000.00	13,133,292.75	100	100	100
Beijing BBMG Chengyuan Property Development Co., Ltd.	473,509,857.53	473,509,857.53	-	473,509,857.53	100	100	100
Beijing Building Decoration and Design Engineering Co., Ltd.	82,429,882.34	82,429,882.34	-	82,429,882.34	100	100	-
Beijing Lvduhangke Science and Technology Co., Ltd.	43,615,552.98	43,615,552.98	-	43,615,552.98	100	100	-
Beijing BBMG Doudian Technology Corporate Management Co., Ltd.	152,788,777.09	152,788,777.09	-	152,788,777.09	100	100	-
Beijing Yanshui Asset Management Co., Ltd.	32,707,342.45	32,707,342.45	-	32,707,342.45	100	100	-
BBMG Hongye Ecological Science and Technology Co., Ltd.	815,331,413.51	815,331,413.51	-	815,331,413.51	100	100	100
BBMG Hong Kong Limited	37,137.91	37,137.91	-	37,137.91	100	100	100

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Long-term equity investments (continued)

For the six months ended 30 June 2015 (continued)

	Investment cost	Opening balance	Increase/ decrease for the period	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the period
BBMG Dacheng Property Management Co., Ltd.	16,198,711.92	11,198,711.92	5,000,000.00	16,198,711.92	100	100	-
Beijing Taihang Qianjing Cement Co., Ltd.	67,600,000.00	67,600,000.00	-	67,600,000.00	67	67	-
Baoding Taihang Heyi Cement Co., Ltd.	120,000,000.00	120,000,000.00	-	120,000,000.00	75	75	-
Handan BBMG Taihang Cement Co., Ltd.	719,986,626.30	719,986,626.30	-	719,986,626.30	95	95	-
Handan Shexian BBMG Cement Co., Ltd.	181,678,700.00	181,678,700.00	-	181,678,700.00	91	91	-
Beijing Chinefarge Cement Co., Ltd.	464,740,918.29	464,740,918.29	-	464,740,918.29	96	96	2,871,000.00
BBMG Shunfa Lafarge Cement Co., Ltd.	110,681,119.42	110,681,119.42	-	110,681,119.42	70	70	-
Zuoquan BBMG Cement Co., Ltd.	365,300,000.00	365,300,000.00	-	365,300,000.00	100	100	-
Xuanhua BBMG Cement Co., Ltd.	3,250,000.00	3,250,000.00	-	3,250,000.00	65	65	-
BBMG Material Industrial (Shanghai) Co., Ltd.	40,800,000.00	40,800,000.00	-	40,800,000.00	51	51	-
BBMG Mortar Co., Ltd.	80,000,000.00	80,000,000.00	-	80,000,000.00	80	80	-
Guangling Jinyu Cement Co., Ltd.	317,000,000.00	317,000,000.00	-	317,000,000.00	100	100	-
Chengde BBMG Cement Co., Ltd.	340,000,000.00	240,000,000.00	100,000,000.00	340,000,000.00	85	85	-
Fengfeng BBMG Concrete Co., Ltd.	30,000,000.00	30,000,000.00	-	30,000,000.00	100	100	-
Handan Hanshan BBMG Concrete Co., Ltd.	27,600,000.00	27,600,000.00	-	27,600,000.00	92	92	-
Handan County BBMG Concrete Co., Ltd.	27,600,000.00	27,600,000.00	-	27,600,000.00	92	92	-
Weixian BBMG Concrete Co., Ltd.	9,200,000.00	9,200,000.00	-	9,200,000.00	92	92	-
Beijing Aerated Concrete Co., Ltd.	110,107,838.28	110,107,838.28	-	110,107,838.28	100	100	-
BBMG Finance Co., Ltd.	1,000,000,000.00	1,000,000,000.00	-	1,000,000,000.00	100	100	-
Beijing Dynea Chemical Industry Co., Ltd.	35,358,791.69	35,358,791.69	-	35,358,791.69	100	100	-
Bo'ai BBMG Cement Co., Ltd.	285,000,000.00	285,000,000.00	-	285,000,000.00	95	95	-
Beijing BBMG Innovation & Technology Incubator Co., Ltd.	50,000,000.00	-	50,000,000.00	50,000,000.00	100	100	-
Xingtai BBMG Yongning Cement Co., Ltd.	245,668,600.00	-	245,668,600.00	245,668,600.00	60	60	-
Total under cost method	24,500,710,413.34	23,259,551,844.79	1,241,158,568.55	24,500,710,413.34			2,871,000.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

2. Long-term equity investments (continued)

For the six months ended 30 June 2015 (continued)

	Opening balance	Decrease in investment	Change for the period			Carrying amount at the end of the period	Provision for impairment at the end of the period
			Investment income or losses under equity law	Other changes in equity	Cash dividend declared		
Equity Method:							
Joint ventures							
STAR-USG Building Materials							
Co., Ltd.	17,789,937.84	-	(8,637,385.84)	-	-	9,152,552.00	-
Associates							
Krono (Beijing) Flooring Co., Ltd.							
	5,469,434.67	-	-	-	-	5,469,434.67	5,469,434.67
Krono (Beijing) Woods Co., Ltd.							
	97,629,252.10	-	(4,031,150.71)	-	-	93,598,101.39	-
Zehnder (china) Indoor Climate							
Co., Ltd.	98,362,708.22	-	(118,068.32)	-	-	98,244,639.90	-
OCV Reinforcements (Beijing)							
Co., Ltd.	60,310,207.81	-	4,392,894.08	-	-	64,703,101.89	-
Beijing Gaoqiang Concrete Co., Ltd.							
	27,810,842.09	-	(4,720,753.62)	-	-	23,090,088.47	-
Subtotal for associates	289,582,444.89	-	(4,477,078.57)	-	-	285,105,366.32	5,469,434.67
Total	307,372,382.73	-	(13,114,464.41)	-	-	294,257,918.32	5,469,434.67

As at 30 June 2015, there was no listed investment in long-term equity investment.

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

3. Investment property

Measured subsequently at fair value:

For the six months ended 30 June 2015

	Buildings
Opening balance	9,045,893,879.03
Gains from changes in fair value	<u>113,149,130.35</u>
Closing balance	<u>9,159,043,009.38</u>

2014

	Buildings
Opening balance	8,257,191,000.00
Merger of subsidiaries	343,500,000.00
Self-occupied properties transferred from investment properties	(69,641,139.27)
Gains from changes in fair value	<u>514,844,018.30</u>
Closing balance	<u>9,045,893,879.03</u>

All the above investment properties are located in the PRC, leased out in form of operating leases and held under mid-term leases.

As at 30 June 2015, there was no investment property for which the procedures for obtaining title certificates were incomplete.

As at 30 June 2015, investment properties with carrying amount of RMB5,780,231,009.38 were pledged as guarantee for the Group's bank loans (31 December 2014: RMB5,709,730,879.03).

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

4 Operating revenue and cost

Operating revenue is as follows:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Revenue from principal operations	423,572,468.94	355,091,210.05
Revenue from other operations	2,159,505.50	20,016,455.49
	425,731,974.44	375,107,665.54

Operating cost is as follows:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Cost from principal operations	42,383,293.09	44,725,209.71

Information by products is as follows:

	For the six months ended 30 June 2015		For the six months ended 30 June 2014	
	Revenue	Cost	Revenue	Cost
Rental income	423,572,468.94	42,383,293.09	355,091,210.05	44,725,209.71
Others	2,159,505.50	—	20,016,455.49	—
	425,731,974.44	42,383,293.09	375,107,665.54	44,725,209.71

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

5. Investment income/(loss)

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Income from long-term equity investments under cost method	2,871,000.00	49,294,203.34
Income from long-term equity investments under equity method	(13,114,464.41)	1,196,489.55
	(10,243,464.41)	50,490,692.89

The investees with long-term equity investment income accounting for more than 5% of total profits under the cost method:

Name of Investee	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Reason for change
Beijing Chinefarge Cement Co., Ltd.	2,871,000.00	9,570,000.00	Fluctuation of results
Siping BBMG Cement Co., Ltd.	–	23,400,000.00	Fluctuation of results
Handan Shexian BBMG Cement Co., Ltd.	–	15,102,648.80	Fluctuation of results
Beijing Alavus Energy Saving Components Co., Ltd.	–	1,221,554.54	Fluctuation of results
	2,871,000.00	49,294,203.34	

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

5. Investment income/(loss) (continued)

Long-term equity investment income under equity method:

Name of Investee	For the six months ended 30 June 2015	For the six months ended 30 June 2014	Reason for change
Beijing Gaoqiang Concrete Co., Ltd.	(4,720,753.62)	1,951,512.09	Fluctuation of results
Krono (Beijing) Woods Co., Ltd.	(4,031,150.71)	(1,347,864.14)	Fluctuation of results
OCV Reinforcements (Beijing) Co., Ltd.	4,392,894.08	1,562,846.47	Fluctuation of results
Zehnder (China) Indoor Climate Co., Ltd.	(118,068.32)	11,977,896.93	Fluctuation of results
STAR-USG Building Materials Co., Ltd.	(8,637,385.84)	(12,947,901.80)	Fluctuation of results
	(13,114,464.41)	1,196,489.55	

6. Notes to items of statement of cash flows

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Cash received relating to other operating activities		
Cash received from subordinate units	10,565,727,010.64	9,496,978,972.70
Cash received from internal borrowings among subsidiaries	3,808,104,345.08	13,006,644,697.04
Interests income	20,374,487.14	14,147,873.23
	14,394,205,842.86	22,517,771,542.97
Cash paid relating to other operating activities		
Cash paid to subordinate units	10,159,082,997.88	11,004,027,046.22
Current accounts of subsidiaries	5,079,297,806.64	12,740,806,091.60
Expenses of the headquarters	80,821,809.95	52,016,710.30
	15,319,202,614.47	23,796,849,848.12
Cash received from other financing activities		
Cash received from issue of bonds	4,500,000,000.00	6,924,131,029.99
Cash paid relating to other financing activities		
Cash paid for redemption of bonds	5,600,000,000.00	3,370,000,000.00

Notes to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

7. Supplemental information to statement of cash flows

(1) Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Net profit	13,471,575.77	132,156,970.23
Add: Provisions for assets impairment	–	9,113,985.00
Depreciation of fixed assets	34,748,026.36	33,257,559.44
Amortisation of intangible assets	6,923,822.60	7,275,210.29
Losses/(gains) from disposal of fixed assets, intangible assets and other long-term assets	(103,306.00)	3,854.00
Gains from changes in fair value	(113,149,130.35)	(188,366,000.00)
Finance expenses	1,053,489,519.23	917,041,244.39
Investment losses/(gains)	10,243,464.41	(50,490,692.89)
Increase in deferred income tax assets	(33,491,274.70)	(71,062,686.95)
Increase in deferred income tax liabilities	28,287,282.59	115,298,685.46
Increase in operating receivables	(1,862,824,010.92)	(1,917,914,007.73)
Increase/(decrease) in operating payables	258,195,524.00	(20,605,026.79)
Net cash flows from operating activities	<u>(604,208,507.01)</u>	<u>(1,034,290,905.55)</u>

(2) Cash and cash equivalents

	30 June 2015	31 December 2014
Cash	2,327,582,122.12	3,965,411,184.97
Including: Cash on hand	1,870.00	–
Bank deposits on demand	<u>2,327,580,252.12</u>	<u>3,965,411,184.97</u>
Balance of cash and cash equivalents at the end of the period/year	<u>2,327,582,122.12</u>	<u>3,965,411,184.97</u>

Supplementary Information to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

1. SUMMARY OF NON-RECURRING PROFIT AND LOSS ITEMS

	For the six months ended 30 June 2015
Profit and loss from disposal of non-current assets	(1,977,400.33)
Government grants recognised through profit or loss for the period (excluding those closely related to the Company's ordinary business operations, in line with national policies and entitled continuously based on a fixed amount or quantity)	68,712,924.76
Profit and loss from debt restructuring	268,699.17
Profit and loss from fair value change of investment properties measured subsequently at fair value	260,611,970.35
Other non-operating income and expenses other than the above items	<u>21,175,819.00</u>
Total non-recurring profit and loss	348,792,012.95
Impact of income tax	(87,198,003.24)
Impact of minority interests	<u>(10,300,469.91)</u>
	<u>251,293,539.80</u>

Items included in the government grants recognised through profit or loss for the period, but were not regarded as non-recurring profit or loss due to their close relation to the ordinary business operations of the Group, and were entitled continuously based on a fixed amount or quantity in line with national policies were as follows:

	For the six months ended 30 June 2015	Reason for being recognised as recurring profit or loss
Refunds of VAT	124,560,482.54	related to operations
Grants for the sale of heat	800,000.04	related to operations

The Group recognised non-recurring profit and loss items in accordance with the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public-Non-recurring Profit and Loss (CSRC Announcement [2008] No. 43).

Supplementary Information to Unaudited Interim Financial Statements

For the six months ended 30 June 2015

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

For the six months ended 30 June 2015

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	3.34	0.22	0.22
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	2.54	0.17	0.17

For the six months ended 30 June 2014

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	4.86	0.30	0.30
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	3.84	0.24	0.24

The image features a stylized, abstract background composed of overlapping, semi-transparent red geometric shapes, primarily parallelograms and trapezoids, creating a sense of depth and movement. The colors range from a deep, vibrant red to lighter, more translucent shades. The overall composition is dynamic and modern. In the center-left area, the letters "BBMG" are displayed in a bold, white, sans-serif font. The text is partially overlaid by a red geometric shape, which makes the letters appear to be integrated into the design. The background also includes subtle horizontal lines and a thin diagonal line extending from the top right towards the center.

BBMG

北京金隅股份有限公司
BBMG CORPORATION*

Tower D, Global Trade Center
No. 36, North Third Ring Road East
Dongcheng District, Beijing, China (100013)

www.bbm.com.cn/listco