



**北京金隅股份有限公司**  
**BBMG CORPORATION\***

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

Stock Code : 2009

**ANNUAL REPORT**

\*For Identification Purposes Only



**BBMG**

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# FINANCIAL HIGHLIGHTS

	2015	2014	Change	
Operating revenue (RMB'000)	<b>40,925,341</b>	41,241,474	(316,155)	-0.8%
Gross profit margin from principal business (%)	<b>25.3</b>	23.8		an increase of 1.5 percentage points
Net profit attributable to the shareholders of the parent company (RMB'000)	<b>2,017,454</b>	2,422,722	(405,268)	-16.7%
Core net profit attributable to the shareholders of the parent company (excluding the after tax net gains on after tax fair value on investment property) (RMB'000)	<b>1,565,816</b>	1,951,506	(385,690)	-19.8%
Basic EPS (RMB)	<b>0.42</b>	0.52	(0.10)	-19.2%
Final dividend per share (RMB)	<b>0.03</b>	0.05	(0.02)	-40.0%
Cash and bank balances (RMB'000)	<b>18,369,881</b>	10,980,172	7,389,709	67.3%
Total assets (RMB'000)	<b>130,746,704</b>	115,684,971	15,061,733	13.0%
Equity attributable to the shareholders of the parent company (RMB'000)	<b>38,082,973</b>	31,107,268	6,975,705	22.4%
Net profit margin (%)	<b>4.77</b>	6.57		a decrease of 1.80 percentage points
Return on total assets (%)	<b>1.54</b>	2.09		a decrease of 0.55 percentage point
Total debt to equity ratio (%)	<b>67.7</b>	68.7		a decrease of 1.0 percentage point
Net assets value per share attributable to the shareholders of the parent company (RMB)	<b>7.13</b>	6.50	0.63	16.4%

# CORPORATE INFORMATION

<b>Chinese name of the Company</b>	北京金隅股份有限公司
<b>English name of the Company</b>	BBMG Corporation*
<b>Headquarters</b>	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
<b>Registered office and principal place of business in the PRC</b>	No. 36, North Third Ring East Road Dongcheng District, Beijing, the PRC
<b>Principal place of business in Hong Kong</b>	Room 405, Kai Wong Commercial Building, 222 Queen's Road Central, Hong Kong
<b>Website of the Company</b>	<a href="http://www.bbm.com.cn/listco">www.bbm.com.cn/listco</a>
<b>Legal representative</b>	Jiang Deyi
<b>The Board of Directors</b>	
<i>Executive Directors</i>	Jiang Deyi ( <i>Chairman and President</i> ) Wu Dong Shi Xijun Zhang Jianli Zang Feng Li Weidong
<i>Independent non-executive Directors</i>	Wang Guangjin Tian Lihui Tang Jun Ngai Wai Fung

\* for identification purposes only

## CORPORATE INFORMATION

**The Supervisory Board***Supervisors*Wang Xiaojun (*Chairman*)

Li Bichi

Yu Kaijun

Hu Juan

Zhang Dengfeng

Zhang Yifeng

Wang Xin

**Committees***Audit Committee*Tian Lihui (*Chairman*)

Shi Xijun

Zhang Jianli

Wang Guangjin

Tang Jun

Ngai Wai Fung

*Remuneration and**Nomination Committee*Wang Guangjin (*Chairman*)

Wu Dong

Zang Feng

Tian Lihui

Tang Jun

Ngai Wai Fung

*Strategic Committee*Jiang Deyi (*Chairman*)

Li Weidong

Wang Guangjin

Tian Lihui

Tang Jun

Ngai Wai Fung

**Authorised Representatives**

Jiang Deyi

Lau Fai Lawrence

**Board Secretary**

Zheng Baojin

**Company Secretary**

Lau Fai Lawrence

## CORPORATE INFORMATION

### 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.SH

#### *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 (the " <b>Hong Kong Stock Exchange</b> ")
Stock name	BBMG
Board lot	500 shares
Stock code	02009.HK

### 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 LLP  
Certified Public Accountants

### Legal Advisers

Paul Hastings  
*As to Hong Kong law*

Guantao Law Firm  
*As to PRC law*



# CORPORATE PROFILE

## BBMG Corporation

BBMG Corporation (hereinafter referred to as “**BBMG**” or the “**Company**”) was established in December 2005. Fully leveraging on its unique resources, the Company and its subsidiaries (the “**Group**”) are principally engaged in the manufacture of building materials supplemented by property development and property investment and management, forging an unique, one-stop, vertical industrial chain structure among major building materials manufacturers in the People’s Republic of China (“**PRC**”).

### 1. Cement and Ready-mixed Concrete Segment

BBMG is the largest cement provider and manufacturer in Beijing, Tianjin and Hebei province as well as one of the 12 major cement conglomerates or groups supported by the PRC government. Its building materials are widely used in key construction projects and key infrastructure constructions of the PRC. Utilizing its technological edge in cement industry, the Company takes one step further in the development of environmental protection industry such as recycling and harmless treatment of industrial wastes, sludges from sewage treatment plants, hazard wastes and fly ashes from garbage incineration, achieving a harmonious development of benefits to economy, society and ecology.

### 2. Modern Building Materials and Commerce and Logistics Segment

BBMG is one of the largest modern, green and energy saving building materials manufacturers in the PRC and one of the leaders in the building materials industry in Pan Bohai Economic Rim. Its business covers four major segments, including furniture and woods, decorative and fitting materials, wall body and insulation materials and refractory materials. The Company has gradually established a unique development mode featuring “park-based production, high-end products, industrial scale merit, integrated sales and refined management”.





## CORPORATE PROFILE

### 3. Property Development Segment

BBMG is one of the leading property developers in terms of comprehensive strength and the earliest and one of the largest affordable housing developers in Beijing with presence in other major cities such as Hangzhou, Tianjin, Chongqing, Chengdu, Haikou, Tangshan and Hohhot.

### 4. Property Investment and Management Segment

BBMG is the largest investor and manager of investment properties in Beijing holding approximately 732,800 sq.m. of real estates such as high-end office units and managing over 6 million sq.m. of properties (including residential communities and commercial units at low floors). The Company has been leading the industry in Beijing and even the PRC for years in areas including specialized techniques, brand awareness, occupancy rate and revenue.

The H shares of BBMG was successfully listed on the Main Board of the Hong Kong Stock Exchange on 29 July 2009 and the Company was successfully listed on the domestic A share market of the Shanghai Stock Exchange on 1 March 2011. The dual listing in both markets will lay a more solid and concrete foundation and create a broader platform for the future development of BBMG.

Positioned in a new historical starting line with numerous opportunities and challenges, the management of BBMG are determined to build on its century of achievements. In the epic pursuit of forging a top-level public listed company with expanding international presence, the Company will continuously create new values for the shareholders and help BBMG scale new heights.



# BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## Directors

**Jiang Deyi**, born in February 1964, is the secretary member of the communist party committee of both the Company and BBMG Group Company Limited (the “**Parent**” or “**BBMG Group**”). He has been an executive director and the president of the Company since 28 April 2009 and the chairman of the board of directors (the “**Board**”) since 1 July 2015. He was a deputy general manager of the Company from March 2006 to April 2009. He is primarily responsible for the overall management of the cement, concrete and resorts businesses of the Company and the formulation of development strategies for these business sectors. Jiang Deyi acted as the deputy chief engineer of the Parent from February 2002 to March 2006. Jiang Deyi has more than 25 years of experience in the cement industry and had served as the general manager of Beijing Liulihe Cement Co., Ltd., and the chairman of Hebei Taihang Cement Co., Ltd. Jiang Deyi graduated from Beijing University of Science and Technology with a Doctorate in Engineering in June 2009. He is a senior engineer.

**Wu Dong**, born in August 1968, has been an executive director of the Company since 27 November 2015 and has been the deputy secretary of the communist party committee of both the Company and the Parent since July 2012. He was the assistant to the secretary of the communist party committee of the Company from July 2011 to July 2012. Before joining the Company, Wu Dong had served in various positions in different entities, including, among others, Beijing Coal Corporation and the Organization Department of Beijing Municipal Communist Party Committee. He obtained a Master of Public Administration degree from Guanghua School of Management, Peking University in August 2005. Wu Dong is a senior policy analyst (高級政工師) and an economist.

**Shi Xijun**, born in September 1966, is the deputy secretary of the communist party committee and the secretary of discipline inspection committee of both the Company and the Parent. He has been an executive director of the Company since 10 March 2006. He was also the Board secretary from March 2006 to April 2009. He is primarily responsible for the day to day work of the Board and the administration of the Group’s human resources department. Shi Xijun first joined the Parent in August 1995 and, from March 1999 to August 2003, served as a deputy manager and the manager of its production operation department. Shi Xijun has also served as a director of the organizing department, a member of the communist party standing committee and the secretary of the discipline inspection committee for the Parent since August 2003, July 2005 and September 2008, respectively. Shi Xijun has accumulated more than 16 years of experience in the building materials industry. Shi Xijun graduated in 1995 from the China University of Mining and Technology with a master’s degree in engineering. He is a senior economist.

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Zhang Jianli**, born in August 1965, has held various important governmental positions in Changping County (now known as Changping District), Beijing, including deputy manager of Shahe Town Industrial Enterprise Corporation of Changping County, deputy secretary of the Communist Party Committee of Machikou Town, Changping County, director-general of Changping District Commission of Urban-Rural Development and secretary of its Working Committee, and member of the Standing Committee and head of Propaganda Department of Changping District Committee, etc. Zhang Jianli served as deputy manager and manager of Beijing Dacheng Real Estate Development Corporation from December 2003 to August 2009, respectively. Zhang Jianli served as the vice chairman of the Labour Union and the deputy general manager of the Parent from August 2009 to November 2009 and from November 2009 to July 2012, respectively. From December 2011 to February 2015, he served as member of the Communist Party Committee of the Xinjiang Hetian Commander Headquarters of the Beijing Counterpart Support and Economic Cooperation Leading Group, member of the Standing Committee of the Communist Party Committee of the Fourteenth Division of the Xinjiang Production and Construction Corps and its deputy division commander. From February 2015, Zhang Jianli has served as a member of the Standing Committee of the Communist Party Committee of the Parent and the Company. Zhang Jianli has also served as an executive director and a deputy general manager of the Company since 12 August 2015 and May 2015, respectively. Zhang Jianli obtained his postgraduate degree in national economic management (part-time postgraduate studying programme) from the Beijing Municipal Party School in July 1998, and possesses qualifications as a senior political officer.

**Zang Feng**, born in November 1956, has been an executive director of the Company since 26 October 2012. He has held various significant governmental positions since May 1974. Zang Feng served as secretary to Office of Wu Xiuquan, an executive member of Central Advisory Commission of the Communist Party of China, party branch secretary of the office and the advisor of General Military Services Department at deputy division commander level from 1991 to December 1999 and December 1999 to November 2003, respectively. Zang Feng served as deputy secretary of the Communist Party Committee of the Beijing Building Materials Trading Group Co., Ltd. (北京建材經貿集團總公司), secretary of the Communist Party Committee of its headquarters and the secretary of the Communist Party Committee of Beijing Building Materials Trading Co., Ltd. from November 2003 to January 2007 and from January 2007 to May 2010, respectively. Zang Feng was appointed as the chairman of the Labor Union of the Parent and the Company in November 2009 and July 2012, respectively. Zang Feng graduated from China University of Political Science and Law in January 2005 with a master's degree in economic management. Zang Feng is a senior political officer.

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Li Weidong**, born in June 1968, has been an executive director of the Company since 27 November 2015, a deputy general manager of the Company since July 2012 and has served as the manager of BBMG Property Management Co., Ltd. from February 2008 to July 2012. Li Weidong also served as an assistant to the general manager of the Parent during the same period. He has accumulated more than 20 years of work experience in the cement and property sectors. He had worked for more than 15 years at Beijing Yanshan Cement Factory. He was a manager of Beijing Yanshan Cement Factory from November 2002 to March 2006. He was appointed as chief of the real estate division of the Company and a manager of Tengda Plaza (騰達大廈) in March 2006. He is mainly responsible for the overall business development, planning and management of investment properties of the Group. He graduated from School of Public Administration, Renmin University of China with a master's degree. He is an engineer.

**Wang Shizhong**, born in October 1969, has been an executive director of the Company since 26 October 2012, a deputy general manager of the Company since October 2009, and had also served as chief of the property development segment of the Company from March 2006 to October 2011. Wang Shizhong has more than 17 years of extensive experience in property development, and served as a deputy manager of a property development company of the Parent from November 1996 to February 1999. He was the secretary of the communist party committee and a deputy manager of a property development company of the Parent from February 1999 to March 2006, and was appointed as an assistant to the general manager of the Parent in March 2006. He is mainly responsible for the overall business development and strategic planning for the property operations of the Group. He graduated from Tsinghua University majoring in civil engineering. He is a senior engineer. Mr. Wang resigned as an executive director of the Company on 19 February 2016.

**Wang Guangjin**, born in April 1960, has been an independent non-executive director of the Company since 22 May 2014. Wang Guangjin holds a Master of Law degree and is a professor and supervisor for master's students in civil and commercial law and MBA of China University of Political Science and Law. Wang Guangjin is concurrently the arbitrator of Zibo Arbitration Commission. Wang Guangjin has been a member of Expert Advisory Committee of Changping District People's Court, Beijing, arbitrator of Shenzhen Arbitration Commission, arbitrator of Nantong Arbitration Commission, and an independent director of Jiangsu Hecheng Display Technology Co., Ltd.

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Tian Lihui**, born in November 1973, has been an independent non-executive director of the Company since 27 November 2015. Tian Lihui holds doctor's degrees in Finance and Economy and is also a post-doctoral majoring in Economy. Tian Lihui is a professor and doctoral tutor in Finance as well as a PRC lawyer. He is the person-in-charge of Financial Development Research Institute of Nankai University and the chief expert on major issues of financial risk of the Ministry of Education of PRC. Tian Lihui was a visiting professor in the University of Michigan and National University of Singapore, he was also a chair professor in Xiamen University. He is a member of The American Academy of Financial Management and an independent director of Rongtong Fund Management Co., Ltd.

**Tang Jun**, born in March 1978, has been an independent non-executive director of the Company since 27 November 2015. Tang Jun is the director of the Crisis Management Research Center of Renmin University of China. He is also the deputy director and a researcher of the Government Management and Reform Research Center of Renmin University of China. Tang Jun had served in various positions in different social organizations, including, among others, the deputy director of the Urban Safety Research Center of People's Public Security University of China, a researcher of the Public Management Research Center of Chinese Public Administration Society, a visiting professor of the Training Center of National Development and Reform Commission and a consultant of [www.cpd.com.cn](http://www.cpd.com.cn) (中國警察網). Tang Jun holds a Doctor of Management degree.

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ngai Wai Fung**, born in 1962, has been an independent non-executive director of the Company since 27 November 2015. He currently holds directorships in a number of companies listed on the Hong Kong Stock Exchange and other stock exchanges:

<b>Company name</b>	<b>Securities market</b>	<b>Stock code</b>	<b>Position held</b>	<b>Appointment date</b>
Bosideng International Holdings Limited	Hong Kong Stock Exchange	3998	Independent non-executive director	September 2007
Powerlong Real Estate International Holdings Company Limited	Hong Kong Stock Exchange	1238	Independent non-executive director	June 2008
Bawang International (Group) Holding Limited	Hong Kong Stock Exchange	1338	Independent non-executive director	December 2008
Biostime International Holdings Limited	Hong Kong Stock Exchange	1112	Independent non-executive director	July 2010
SITC International Holdings Company Limited	Hong Kong Stock Exchange	1308	Independent non-executive director	September 2010
China Coal Energy Company Limited	Hong Kong Stock Exchange	1898	Independent non-executive director	December 2010
LDK Solar Co., Ltd.	New York Stock Exchange	LDK	Independent non-executive director	July 2011
Juda International Holdings Limited	Hong Kong Stock Exchange	1329	Independent non-executive director	December 2013
China Railway Group Limited	Hong Kong Stock Exchange	390	Independent non-executive director	July 2014

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Company name	Securities market	Stock code	Position held	Appointment date
Yangtze Optical Fibre and Cable Joint Stock Limited Company	Hong Kong Stock Exchange	6869	Independent non-executive director	September 2014
TravelSky Technology Limited	Hong Kong Stock Exchange	696	Independent non-executive director	January 2016

Ngai Wai Fung has over 20 years of experience in accounting and finance as well as in corporate governance. He has been the managing director of MNCOR Consulting Limited and the chief executive officer of SW Corporate Services Group Limited since September 2010 and January 2011, respectively. In addition, he has been the president of The Hong Kong Institute of Chartered Secretaries since December 2014. He has been the Adjunct Professor of Law of Hong Kong Shue Yan University since September 2012. He has also been a member of work group on professional service under the Economic Development Commission appointed by the Chief Executive of The Hong Kong Special Administrative Region since January 2013, a member of qualification and examination board of the Hong Kong Institute of the Certified Public Accountants since January 2013 and a member of the general committee of The Chamber of Hong Kong Listed Companies since June 2014.

### Supervisors

**Wang Xiaojun**, born in October 1964, has been a supervisor of the Company since 7 August 2014. Wang Xiaojun holds a bachelor's degree, and is a certified public accountant in China. Wang Xiaojun started his career in July 1989. He had worked at Xicheng District Government of Beijing since July 1989, and served as a member of the Party's Standing Committee and propaganda minister of Xicheng District of Beijing from December 2000 and November 2003. Wang Xiaojun was a member of the Party's Group and deputy head of Beijing Municipal Audit Bureau from November 2003 to February 2012. Wang Xiaojun has been the chairman of Supervisory Committee of Beijing State-owned Enterprises since February 2013.

**Ms. Li Bichi**, born in December 1964, has been a supervisor of the Company since 26 October 2012. Ms. Li Bichi has worked in Beijing State-owned Enterprises Supervisory Committee since August 2001, currently serves as a full-time supervisor. Before that, she worked in the Finance Bureau of Beijing from August 1987 to July 2001 as staff member, deputy-director-equivalent staff member and director-equivalent staff member successively. Ms. Li Bichi graduated from the School of Economics and Management of Beijing Union University in July 1987. She is a senior accountant.



## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Yu Kaijun**, born in April 1963, has been a supervisor of the Company since 27 November 2015. Yu Kaijun was the non-executive director of the Company from 7 August 2014 to 27 November 2015. Yu Kaijun graduated from the Hong Kong Polytechnic University with a major in accounting. Yu Kaijun holds a master degree in accounting and is a senior accountant. Currently, Yu Kaijun is the chief financial officer of China National Materials Company Limited (listed on the Main Board of the Stock Exchange; stock code: 01893). Yu Kaijun worked at the Finance Bureau of Pingliang District of Gansu Province from July 1982 to November 1990. Yu Kaijun served as chief financial officer and deputy general manager of Shenzhen Languang Science & Technology Co., Ltd. (and its predecessor, Shenzhen Languang Electronic Industrial Corporation) from November 1990 to October 2001. Yu Kaijun served as chief financial officer of Sinoma International Engineering Co. Ltd. (listed on the Shanghai Stock Exchange; stock code: 600970) from December 2001 to January 2011. Yu Kaijun has been a supervisor of both Ningxia Building Materials Group Co., Ltd. (listed on the Shanghai Stock Exchange; stock code: 600449) and Xinjiang Tianshan Cement Co., Ltd. (listed on the Shenzhen Stock Exchange; stock code: 000877) since December 2011.

**Ms. Hu Juan**, born in February 1970, has been a supervisor of the Company since 27 November 2015. Hu Juan has been the manager of the finance and capital department of the Company since October 2007. Ms. Hu had served in various positions in our Company, including the deputy manager of the finance and capital department from September 2000 to January 2005, the deputy manager of the assets supervision department from January 2005 to March 2006 and the manager of the assets management department from March 2006 to October 2007. Ms. Hu Juan graduated from Anhui Finance and Economics University with a Bachelor of Economics degree in July 1994. She also graduated from Hong Kong Baptist University with a Master of Science degree in September 2012. She is a senior accountant as well as a certified public accountant.

**Zhang Dengfeng**, born in September 1971, has been a supervisor of the Company since 26 October 2012. Zhang Dengfeng served as officer and assistant to manager of the Human Resources Department of the Beijing Building Material Group (北京建材集團) from July 1994 to November 2002. Zhang Dengfeng joined BBMG Group Company Limited in November 2002 and served as deputy head of General Office and director of the research division. Zhang Dengfeng joined the Company as head of the Public Relations Department in March 2008 and has held the position of the head of the Company's General Office since June 2009. Zhang Dengfeng graduated from the School of Public Administration of Renmin University of China with a master's degree in management in July 2008. Zhang Dengfeng is a senior economist.

**Zhang Yifeng**, born in December 1964, has been a supervisor of the Company since 26 October 2012. Zhang Yifeng served as secretary of the Communist Party Committee, secretary of the Discipline Inspection Committee and chairman of the Labor Union of Beijing Construction Hardware Scientific Research and Experiment Factory (北京市建築五金科研實驗廠) from July 1983 to September 2010. Zhang Yifeng joined Siping BBMG Cement Co., Ltd. in September 2010 and held the positions of secretary of the Communist Party Committee, secretary of the Discipline Inspection Committee and chairman of the Labor Union. Zhang Yifeng was appointed as deputy secretary of the Disciplinary Inspection Commission and head of the Discipline Inspection and Supervision Office of BBMG Group Company Limited and the Company, in December 2011 and July 2012, respectively. Zhang Yifeng graduated from China Beijing Municipal Communist Party School in July 2002 with a bachelor's degree in economic management.

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Wang Xin**, born in March 1971, has been a supervisor of the Company since 26 October 2012. Wang Xin served as officer and deputy manager of the Finance and Capital Department and corporate financial controller of BBMG Group Company Limited from July 1994 to March 2008. Wang Xin acted as financial controller of BBMG Property Management Co., Ltd. (北京金隅物業管理有限責任公司) and BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限責任公司) from March to September 2008. Wang Xin held the position of financial controller of Beijing Dacheng Group Company Limited (北京大成集團有限公司) and Beijing Dacheng Property Development Co., Ltd. (北京大成房地產開發有限責任公司) from September 2008 to November 2010. Wang has served as head of Audit Department of the Company since November 2010. Wang Xin graduated from Nanjing Audit University in July 1993 with a bachelor's degree in audit. Wang Xin is a Certified Public Accountant in China.

### Senior Management

**Guo Yanming**, born in January 1962, has been a vice president of the Company since 26 October 2012. He is primarily responsible for the overall operation and development of the modern building materials segment and production safety control. Mr. Guo served as the Company's general economist from March 2006 to April 2009. Mr. Guo has accumulated more than 26 years of experience in corporate management and human resources in the building materials industry. Since June 2003, Mr. Guo has been a general manager assistant for the Parent. Mr. Guo graduated in July 1985 from Beijing Economics College (currently known as Capital University of Economics and Business), where he majored in industrial enterprise administration. He is a senior economist.

**Wang Zhaojia**, born in September 1963, has been a vice president of the Company since 26 October 2012, and has served as a president, the deputy secretary of the communist party committee and a director of Beijing Building Materials Research Institute, a subsidiary of the Company, since March 2006. Mr. Wang also serves as a deputy chief engineer of the Parent. He has worked in the building materials industry for more than 21 years. He served as a vice president of the Beijing Building Materials Research Institute from April 1994 and was promoted to president in September 2001. He was appointed as a deputy chief engineer of the Parent in January 2005. He is mainly responsible for the overall business development, planning and management of the cement and building materials operations of the Company. He graduated from Shanxi University majoring in inorganic chemistry. He is a doctorate degree graduate and a professorate senior engineer.

**Liu Wenyan**, born in June 1967, has been a vice president of the Company since 26 October 2012 and has served as a manager and deputy secretary of Luquan Dongfang Dingxin Cement Co., Ltd. since March 2007. Mr. Liu has more than 21 years of extensive experience in the cement industry and served as a deputy manager of Beijing Liulihe Cement Co., Ltd., a wholly-owned subsidiary of the Company, from February 2004 to March 2007. He is mainly responsible for the overall business development, planning and management of the cement operations of the Company. He graduated from the Materials Faculty of the Beijing University of Technology majoring in materials engineering. He is a master degree graduate and a senior engineer.

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Chen Guogao**, born in October 1968. Mr. Chen has served as vice president of the Company since September 2015. Mr. Chen began working in July 1991, and graduated from the management engineering department of Harbin Construction Engineering College majoring in accounting. He is an on-the-job postgraduate of the Party School of the CPC majoring in the party theory and party building, a bachelor of economics and a senior accountant. Mr. Chen had served as cadre, deputy section chief, section chief, deputy director and director of the Finance Department of Beijing Liulihe Cement Factory from July 1991 to May 1995; deputy manager and manager of the Finance and Capital Department of BBMG Group from May 1995 to March 2002; chief accountant and chief financial officer of Beijing Yanshan Cement Factory, as well as chief financial officer of Beijing Liulihe Cement Factory, Beijing Cement Plant and Beijing Sanlian Concrete Co., Ltd. from March 2002 to March 2006; head of the Audit and Supervision Department of Beijing BBMG Corporation from March 2006 to October 2007; and deputy general accountant of BBMG Group, head of the Financial Management Department and head of the Audit and Supervision Department of the Company from October 2007 to September 2015.

**Zhang Xiaobing**, born in May 1962. Mr. Zhang has served as assistant to the general manager of the Company, manager of BBMG Dacheng Property Development Co., Ltd. and BBMG GEM Real Estate Development Co., Ltd. since October 2015. Mr. Zhang began working in August 1978, and graduated from the Northern Jiaotong University majoring in business administration. He is a master of management and a senior economist. Mr. Zhang was a worker at Guizhou Shuicheng Iron and Steel Factory from September 1978 to September 1981; a student of Chongqing Construction Engineering College majoring in building materials from September 1981 to September 1985; technician and section chief of Beijing Zhuzong Wallboard Factory (北京住總壁板廠) from September 1985 to October 1989; deputy secretary of Youth League committee of Beijing Zhuzong Construction Corporation (北京住總建設總公司) from October 1989 to August 1991; director of manager office of Beijing Dacheng Real Estate Development Corporation (北京市大成房地產開發總公司) from August 1991 to August 1993; deputy manager of Beijing Dacheng Real Estate Development Corporation from August 1991 to August 2000; manager of Beijing Dacheng Development Group Co., Ltd. (北京大成開發集團有限公司) and Beijing BBMG Dacheng Property Development Co., Ltd. from August 2000 to March 2015; and manager of Beijing BBMG Dacheng Property Development Co., Ltd. and BBMG GEM Real Estate Development Co., Ltd. from March 2015 to October 2015.

**Jiang Changlu**, born in May 1965. Mr. Jiang has served as assistant to the general manager of the Company, director of the Cement Business Division and manager of BBMG Cement Trading Co., Ltd. since October 2015. Mr. Jiang began working in August 1987, and graduated from the University of Science and Technology Beijing majoring in environmental science and engineering. He is a master of engineering and a senior economist. Mr. Jiang served as supervisor of the Technology Department, technician of Raw Material Workshop, operator of New Line Branch, deputy director of Production Safety Department, deputy manager of Transportation Company, director and branch

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

secretary of Supply Department, deputy director and chief despatcher of Production Management Department, director of Supply Department and vice manager of Beijing Liulihe Cement Factory from August 1987 to November 2005; deputy director and director of the Cement Business Division of the Company, deputy manager of the Cement Branch, manager of BBMG Cement Trading Co., Ltd., vice president and chairman of Hebei Taihang Cement Co., Ltd. from November 2005 to May 2011; and director of the Cement Business Division of the Company and manager of BBMG Cement Trading Co., Ltd. from May 2011 to October 2015.

**An Zhiqiang**, born in November 1965. Mr. An has served as assistant to the general manager of BBMG Corporation since December 2015. Mr. An began working in July 1988, and graduated from Peking University, Guanghua School of Management majoring in business administration. He is a master of management and a senior economist. Mr. An served as deputy director of the General Office, vice manager, standing vice manager, manager and secretary of the communist party committee of Beijing Building Material Machinery Factory (北京市建材機械製造廠), manager of Boshu Industry and Trade Company (博廈工貿公司), manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from January 1993 to February 2008; deputy general economist of BBMG Group, manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from February 2008 to October 2015; and assistant to the general manager of the Company, manager and deputy secretary of the communist party committee of Beijing Jianji Assets Management Co., Ltd. from October 2015 to December 2015.

**Zheng Baojin**, born in February 1966. Mr. Zheng was appointed the Board Secretary of the Company on 25 January 2016. Mr. Zheng joined the Chinese Communist Party in July 1994 and began working in July 1987. Mr. Zheng graduated from the Tangshan Engineering Technology Institute in July 1987 with industry management engineering profession. Mr. Zheng holds college degree and is a senior economist. Mr. Zheng is also the General Counsel of the Company.

**Wu Xiangyong**, born in August 1973, was the Board secretary of the Company between 26 October 2012 and 21 January 2016. He was appointed as a joint company secretary of the Company on 28 April 2009 and served in this position until 26 October 2012. Mr. Wu has been appointed as the head of the administrative office of the Company in March 2006. He has also been the director of the Board secretariat of the Company since February 2008. Since January 2005, after joining the Parent in August 1995, Mr. Wu has been the head of the administrative office of the Parent. From November 1997 to March 1999, he served as a manager assistant of the technology department of the Parent. From March 1999 to January 2005, he served as a deputy head and then the head of the information centre of the Parent. Mr. Wu graduated from the Guanghua School of Management of Peking University with a master's degree in business administration in July 2006. Mr. Wu is an engineer. Mr. Wu resigned as the Board secretary of the Company on 21 January 2016.

# CHAIRMAN'S STATEMENT



**Jiang Deyi**  
Chairman

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of the Company, I am pleased to present to you the annual results of the Group for the twelve months ended 31 December 2015 (the "**Reporting Period**"), and the operating results of the Group during the said period for your review.

### **Review**

During the Reporting Period, confronted with the stress imposed by the slowdown in economic growth, sluggish market demand, decreasing product prices, the transfer of the industrial functions of the Beijing capital city and the implementation of Beijing Clean Air Action Plan, the Company adhered to the key note of making progress while maintaining stability and highlighted tasks such as promoting quality and efficiency, transformation and upgrading, innovation and development. The Company maintained stable and sound growth.

During the Reporting Period, the Company realized operating revenue of approximately RMB40,925.3 million, representing a year-on-year decrease of approximately 0.8%, net profit attributable to the shareholders of the parent company of approximately RMB2,017.5 million, representing a year-on-year decrease of approximately 16.7% and basic earnings per share attributable to the shareholders of the parent company of approximately RMB0.42. This hard-won result basically met our expectations and maintained a leading position among its peers.

## CHAIRMAN'S STATEMENT

**Prospects**

2016 is the first year of China's "13th Five-Year Plan". At present, the economic "new normal" presents the harsh challenge of changing growth rates and difficult economic structure adjustment as well as the opportunities for development furnished by bonus granted by reform and industrial transformation and upgrading. In particular, the synergistic development of Beijing, Tianjin and Hebei Province, the transferring of the industrial functions of the Beijing capital city and the reform of the supply front have offered a broad stage with tremendous possibilities for "well prepared" enterprises. The Company will strengthen integration and restructuring and actively promote transformation and upgrading with respect to the cement and modern building material manufacturing segments of the Company; devote more efforts to the real estate segment of property development, investment and management, advance the innovation in project expansion, management model and financing methods, for the purpose of realizing development while strengthening the inner attributes and achieve greater profitability.



## CHAIRMAN'S STATEMENT

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

With new frame of reference and new starting point, we will achieve a new leap-forward and grasp new victories.

**Jiang Deyi**

*Chairman of the Board*

Beijing, the PRC

23 March 2016

# MANAGEMENT DISCUSSION & ANALYSIS







2015

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## Summary of Financial Information

	2015 RMB'000	2014 RMB'000	Change
Operating revenue	<b>40,925,341</b>	41,241,474	-0.8%
Operating revenue from principal business	<b>40,361,072</b>	40,562,372	-0.5%
Gross profit from principal business	<b>10,227,792</b>	9,667,340	5.8%
Gross profit margin from principal business	<b>25.3%</b>	23.8%	an increase of 1.5 percentage points
Net profit attributable to the shareholders of the parent company	<b>2,017,454</b>	2,422,722	-16.7%
Basic earnings per share attributable to the shareholders of the parent company	<b>RMB0.42</b>	RMB0.52	-19.2%
Cash and banks balances	<b>18,369,881</b>	10,980,172	67.3%
Current assets	<b>89,335,633</b>	75,018,806	19.1%
Current liabilities	<b>65,186,574</b>	59,513,656	9.5%
Net current assets	<b>24,149,059</b>	15,505,150	55.7%
Non-current assets	<b>41,411,071</b>	40,666,165	1.8%
Non-current liabilities	<b>23,378,256</b>	19,923,927	17.3%
Total assets	<b>130,746,704</b>	115,684,971	13.0%
Equity attributable to the shareholders of the parent company	<b>38,082,973</b>	31,107,268	22.4%
Debt ratio (total liabilities to total assets) (%)	<b>67.7</b>	68.7	a decrease of 1.0 percentage point

## Description of Major Industries

## (i) Cement Industry

The year 2015 witnessed sharp slump in the economic profits of China's cement industry and the first negative growth in total cement demand over the past 25 years. The production of cement in 2015 amounted to 2.348 billion tonnes, a year-on-year decrease of 4.95% in growth rate of production capacity, among which the production in North China markets decreased by 14.60%. The increasing overcapacity of cement led to malignant competition, price of cement products continued to decrease, revenues of the related enterprise declined sharply and the industrial profit margin declined to the lowest level over 10 years. In 2015, the cement industry recorded revenue of RMB889.7 billion, a year-on-year decrease of 9.40%. The profits in six major regions nationwide went through non-differentiated overall substantial decline, among which the revenue in North China showed a year-on-year decrease of 23.0%, suffering an annual loss of RMB4.21 billion and indicating deficit of the whole industry.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**(ii) Property Development Industry**

In 2015, the downturn in the domestic real estate industry continues and the overall market keeps high stock. Investment in real estate increased at a lower rate and area of real estate new construction sites and area of land sold have presented a significant decrease as compared with those of the same period in last year. As a whole, the real estate industry is now going through the cycle of cutting inventories. Other than first-tier cities, second- and third-tier cities are all facing stress arising therefrom with respect to the sales volume and price of real estate. As evidenced by statistics provided by the National Bureau of Statistics of the PRC, investment in real estate development across the country aggregated RMB9.5979 trillion in 2015, representing a nominal increase of 1.0% over last year (and an actual increase of 2.8% over last year after adjusting for price changes), among which investment in residential properties increased by 0.4% over the same period of last year. Investment in residential properties occupied 67.3% of aggregate investment in real estate development. Construction sites for corporate use reached 7.35693 billion square meters, representing an increase of 1.3% over last year, among which 5.11570 billion square meters were area of construction sites for residential properties, which decreased by 0.7%. Area of newly started construction of real estate was 1.54454 billion square meters, decreasing by 14.0%. Of this, 1.06651 billion square meters were area of newly started construction of residential properties, which decreased by 14.6%. Area of completed real estate construction was 1.00039 billion square meters, decreasing by 6.9%. Of this, area of completed residential property construction was 737.77 million square meters, down by 8.8%. Purchased land area by real estate development enterprises were 228.11 million square meters in 2015, decreasing by 31.7% over last year.

Area of sold commodity housing across the country in 2015 reached 1.28495 billion square meters, increasing by 6.5% over last year. Of this, area of sold residential properties jumped 6.9%, area of offices sold 16.2% and area of properties sold for the purpose of commercial operation 1.9%. The sold commodity housing was valued at RMB8.7281 trillion, surging 14.4%, of which sales of residential properties rose 16.6%, sales of offices 26.9% and sales of properties for the purpose of commercial operation decreased by 0.7%. Area of commodity housing for sales was 718.53 million square meters, rose 15.6% as compared with that of the end of last year. Of this, area of residential properties for sale jumped 11.55 million square meters, area of offices for sale 1.28 million square meters and area of properties for the purpose of commercial operation for sale 4.58 million square meters.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**Summary of Business Information****1. Cement and Ready-mixed Concrete Segment**

	2015	2014	Change
Sales volume:			
Cement (in thousand tonnes)	<b>39,260</b>	40,550	-3.2%
Concrete (in thousand cubic meters)	<b>11,340</b>	12,204	-7.1%

**2. Modern Building Materials and Commerce and Logistics Segment**

	2015	2014	Change
Sales volume:			
Refractory materials (in thousand tonnes)	<b>165</b>	201	-17.9%

**3. Property Development Segment**

	2015	2014	Change
Booked GFA (in thousand sq.m.)	<b>1,263</b>	1,497	-15.6%
Presales (sales) GFA (in thousand sq.m.)	<b>992</b>	1,474	-32.7%

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**4. Property Investment and Management Segment**

	2015	2014	Change
Total GFA of investment properties (in thousand sq.m.)	<b>733</b>	749	-2.1%

The year 2015 was the end of the “12th Five-Year Plan” as well as the crucial year for China to comprehensively deepen reforms. In response to the slowdown in China’s economic growth, weak market demands, low product prices, increasing factor costs and stricter regulations on environment, and influences arising from the transferring of the industrial functions of the Beijing capital city, directive and political suspension or limitation on production, the Board of the Company took initiative to adapt to new economic trends by adhering to the key note of making progress. Through the Board’s efforts in negotiating all the difficulties and launching innovation by focus on improving quality and efficiency, transformation and upgrading, innovation and development, etc., the Company maintained stable and sound growth with programs for main economic indicators basically meet the expectations.

After five years of development, the Company’s economic benefit and comprehensive strength have been substantially enhanced. Also, the Company achieves significant attainments in industrial structure, strategic layout, innovation capability and core competitiveness, and forms new characteristics and advantages. The Company’s cement production capacity is ranked among the top ten in a row in China. The production and sales of aerated concrete, fire retardant paint, unshaped refractory, mineral wool boards and other products are ranked the top in the industry. Real estate development of the Company is No.6 in terms of overall strength among the listed real estate companies in Shanghai and Shenzhen, and No.21 in “Top 100 Chinese Real Estate Firms 2015”. Also, its property management has always ranked top 3 among counterparts in Beijing, top 20 in Top 100 Chinese Property Services and top 10 in Chinese Commercial Property Service Providers.

During the Reporting Period, the Company recorded operating revenue of RMB40,925.3 million, of which operating revenue from its principal business amounted to RMB40,361.1 million, representing a year-on-year decrease of 0.5%; total profit amounted to RMB3,182.7 million, representing a year-on-year decrease of 16.3%; net profit amounted to RMB1,951.1 million, representing a year-on-year decrease of 28.0%; and net profit attributable to the shareholders of the parent company amounted to RMB2,017.5 million, representing a year-on-year decrease of 16.7%.



## MANAGEMENT DISCUSSION &amp; ANALYSIS

**1. Cement and Ready-Mixed Concrete Segment**

Confronted with the severe challenges arising from the regional overcapacity, weak market demand and the unprecedentedly strict regulations on resources and environment, the Company further optimized its “grand cross-shape” (大十字) strategy by orderly expansion in a way like earthquake waves so as to constantly enhance the control over regional markets. Besides, by continuously following the cardinal principle of exploring potentials, cutting costs and enhancing efficiency, constantly launching innovation in operating mode, controlling and cutting accounts receivable and procurement costs, expanding strategic resource reserve, accelerating the extension of industrial chain, highlighting environmental protection, strengthening scientific and technological innovation, operating control and benchmark management, the Company secured differentiation advantage in product quality and attained the region’s leading position with its major operation indicators. Strengthen inter-regional resource allocation and industry chain interaction, enhance service measures and further improve market share. Meanwhile, the segment accelerated transformation and pressed ahead with green, cyclic and low-carbon development. As a result, the Company was listed among the “Ten Thousand Energy-saving and Low-carbon Enterprises” with its 24 major energy-consuming subsidiaries passing the annual examinations at the grass-roots and national levels. Furthermore, all cement enterprises in Beijing got the approval from the Beijing Municipal Government for transformation. The Company carried out the fly ash project and hazardous wastes project in respective coordination with Beijing Liulihe Cement Co., Ltd. and Zhuolu Jinyu Cement Co., Ltd. and obtained the business permit on hazardous wastes. Intelligent transformation of the terminal of Tianjian BBMG Concrete Co., Ltd. was successfully completed, making the terminal the first domestic intelligent concrete mixing station. The project was completed and successfully put into operation, where Beijing Liulihe Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd., and Beijing Taihang Qianjing Cement Co., Ltd. used direct injection technology and cement kiln co-disposal of sludge technology. The co-disposal of hazardous waste project in Zhuolu Jinyu Cement Co., Ltd. will be completed within this year.

The cement and ready-mixed concrete segment recorded operating revenue from its principal business of RMB10,828.7 million in 2014, a year-on-year decrease of 14.9%. Gross profit from its principal business amounted to RMB1,443.5 million, a year-on-year decrease of 28.3%. The consolidated sales volume of cement and clinker reached 39.3 million tonnes, a year-on-year decrease of 3.2%, among which

## MANAGEMENT DISCUSSION &amp; ANALYSIS

cement sales volume amounted to 31.8 million tonnes and clinker sales volume amounted to 7.5 million tonnes, and the aggregated gross profit margin for cement and clinker was 10.1%, a year-on-year decrease of 5.3 percentage points. Sales volume of concrete totaled 11.3 million cubic meters, a year-on-year decrease of 7.1%, while the gross profit margin for concrete was 13.0%, a year-on-year increase of 2.5 percentage points.

## 2. *Modern Building Materials and Commerce and Logistics Segment*

Adhering to the industrial park-based pattern, the segment achieved constant development and growth, industry cluster effect becoming gradually prominent. At the same time, by deepening enterprise diagnosis and continuous improvement, accelerating the construction of self-marketing platform and perfection of market layout and launching innovation in the operating modes for bulk commodity business to constantly expand the marketing channels, the segment obtained stable growth in the business scale of trade and logistics. The Project of "Annual Production of 800,000 Pieces of Furniture" by Dachang BBMG Tiantan Furniture Co., Ltd. at the Dachang BBMG Modern Industrial Park entered the phase of equipment installation, where ground-source heating and biofuel were employed to realize waste utilization and production on clean energy and increase energy efficiency. The BBMG Doudian Technology Park accomplished the application for all the entitlement certificates of the industrial land, paving way for further planning and construction of the Park. The BBMG International Logistics Park actively integrated itself into synergistic development of Beijing, Tianjin and Hebei Province and adjusted its position as the BBMG Hi-tech Park. At the same time, with the completion of the exterior decoration of the buildings covering 120,000 sq.m. in the first phase of construction and part of the buildings in the second phase roofed, the BBMG Hi-tech Park focused on inviting e-commerce and health industries through negotiation and talks. BBMG Commercial & Trade Co., Ltd. attained a year-on-year increase of 29% in the trade volume of steel products and bulk trades in energy by continuing to take advantage of its scale, and launch innovation in operating and marketing modes.

In 2015, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of RMB10,371.7 million, a year-on-year decrease of 1.4%, while the gross profit from its principal business amounted to RMB1,008.2 million, a year-on-year increase of 3.8%.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**3. Property Development Segment**

By adhering to the guideline of “accelerating cash flow” (好水快流) and the “adjustment to two structures” (兩個結構調整), the segment seized right market opportunities, made prudent study and judgments and scientific verification, participated in a broad manner, made rational decisions. It also attentively made project operation plans, standardized the management and control system and adjusted the sales strategy to enhance projects’ operating efficiency and profitability. Moreover, it made continuous efforts to launch innovation in the financing and operating modes for the projects, extended its business to the service industry and attempted to cover fields like rebuilding slums.

During the Reporting Period, the Company continuously paid close attention to changes in policies, captured market information to accelerate the selling of products. Nanjing-Jinyu Zijingfu (南京金隅紫京府), Beijing Feili Phase III Lanjuebao (北京翡麗三期藍爵堡) and other projects were sold like hot cakes. In “Mark Beijing”(北京方向), centralized commercial and office buildings in block A and office buildings in block B for retail were sold out. Chongqing-Shidaiduhui (重慶時代都會), Chongqing-Nanshanjun (重慶南山郡) and Haikou-Xixili (海口西溪里) were sold smooth and well. Also, the de-stocking of Tianjin projects and Hangzhou projects accelerated. Beijing-Jinyufu (北京金玉府), Nanjin-Jinyu Zijinfu Phase II (南京金隅紫京府二期), Qingdao-Zhenjiang Road (青島鎮江路), Chengdu-Longxijun, Haikou-Xixili (海口西溪里) and other projects commenced. Projects including “Huixingyuan” (匯星苑), “Jinyu Lanwan” (金隅瀾灣), “Chaoyang New City Group D” (朝陽新城D組團), “Guanlan Times” (觀瀾時代) in Hangzhou, “Jinyu Elegancy City” (金隅麗港城) in Inner Mongolia, “Nanshanjun” (南山郡) and “Chongqing Times Metro” (重慶時代都匯) in Chongqing, etc. were delivered, put into use and booked into revenue. Jinyu Jiapin Mall (金隅嘉品Mall), the first self-owned shopping center of the company was opened in September 2015.

During the Reporting Period, the Company paid close attention to the land market, and successfully obtained the entitlements to three land projects respectively in Shushan District in Hefei, Nanan District in Chongqing and Shunyi District in Beijing (for details, please refer to the table below), thereby lending great support for sustainable development of the real estate segment.

MANAGEMENT DISCUSSION & ANALYSIS

Major Land Reserve Acquired by the Group in 2015

No.	Name of projects (parcel of land)	Location	Use of the land	Land area of the project (sq.m.)	Planning plot ratio area (sq.m.)	Land price (RMB10 thousand)	Ways of acquisition	Date of acquisition (Y/M/D)	Percentage of interest
1	Chayuan – Lujiao Group Zone A in Nan'an District, Chongqing, including land No. A17-2/05, A12-1/03, A13-1/05, A19-6/05, A16/04, A11-1/03, A20-1/03, A20- 3/03, A22-1/04, A23-2/05 and A19-2/04	Chayuan – Lujiao Group Zone A in Nan'an District, Chongqing	Commercial land, business land and residential land 2	380,962	1,442,522	370,152	Listing	2015-06-30	100%
2	Plot W1502 in Shushan District, Hefei	Shushan District in Hefei is adjacent to the West Wangjiang Road to the north and to Jinzhai Elevated Road to the east	Commercial and residential land	244,700	638,981	455,142	Auction	2015-09-24	100%
3	SY-0019-076 R2 Residential Land 2 and SY-0019-079 in Houshayu Village, Houshayu Town, Shunyi District A51 land for hospital (built with "price-restricted commercial housing")	Houshayu in Shunyi District: No.2 Guihua Road and Jutongjiagyuan Residential Community to the east, Shuangyu Street to the south, Yuqing Road to the west, and North Shuangyu Street and Jutongjiagyuan Residential Community to the north.	R2 residential land 2 and A51 land for hospital	79,821	142,412	185,000	Delisting	2015-10-23	100%
Total				705,483	2,223,915	1,010,294			

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## Land Reserve of the Group as at 31 December 2015

No.	Project Name	Geographic Location	Date and Method of Land Acquisition		Estimated Project Completion Date	Land Reserve (thousand sq.m.)		Percentage of the Group's Interest
			Date	Method		Area	Attributable Area	
<b>Total</b>						<b>7,349.5</b>	<b>7,127.9</b>	
<b>I.</b>	<b>Commodity housing projects</b>					<b>6,499.8</b>	<b>6,503.3</b>	
1	Xi Hai'an	Jieshan, Changping District, Beijing	June 2009	Tender, auction and listing	December 2015	21.3	21.3	100%
2	Xisha West commodity housing	Tiancunshan, Haidian District, Beijing	December 2013	Tender	June 2018	98.2	98.2	100%
3	Fangshan commodity housing	Changyang Town, Fangshan District, Beijing	August 2013	Listing	November 2016	77.0	39.3	51%
4	Changxindian commodity housing	Zhangguo Zhuang, Changxindian, Fengtai District	October 2014	Tender, auction and listing	October 2018	216.2	151.3	70%
5	Hangzhou Guanlan Times	Baiyang Street, Economic and Technology Development Zone, Hangzhou, Zhejiang	May 2007	Tender, auction and listing	December 2017	298.3	298.3	100%
6	Hangzhou Qianjiang New City Nanxing Unit D-01 Plot	Shangcheng District, Hangzhou	June 2013	Listing	August 2017	55.6	55.6	100%
7	Hangzhou Gongshu Banshan Tianyuan	Banshan Tianyuan, Gongshu District, Hangzhou	November 2010	Tender, auction and listing	March 2016	115.1	115.1	100%
8	Inner Mongolia Jinyu Times City	South of Chilechuan Street, Saihan District, Huhhot	May 2007	Tender, auction and listing	June 2014	10.7	10.7	100%
9	Inner Mongolia Jinyu Elegancy City	North of Chahaer Street, Saihan District, Huhhot	June 2012	Listing	June 2015	27.6	27.6	100%
10	Tianjin Yuecheng	Zhangguizhuang, Dongli District, Tianjin	January 2010	Tender, auction and listing	December 2018	93.9	93.9	100%
11	Tianjin Zhongbei Town	Zhongbei Town, Xiqing District, Tianjin	January 2013	Tender, auction and listing	June 2016	45.1	45.1	100%
12	Jinyu Lefu (Tangshan)	Opposite to the south gate of Da Cheng Mountain, Lubei District, Tangshan, Hebei	August 2010	Tender, auction and listing	December 2016	132.7	106.2	80%
13	Qingdao Zhenjiang Road No. 12 Plot	12 Zhenjiang Road, Shibei District, Qingdao	December 2014	Tender, auction and listing	May 2019	273.7	273.7	100%
14	Ma'anshan Huashan Jiashan East Plot	99 Dangxiao Road, Ma'anshan	March 2013	Auction	Phase I: September 2015 Phase II: May 2016	37.2	27.9	75%
15	Nanjing Jinyu Zijingfu	North of Xinglong Street, Jianye District, Nanjing	October 2013	Listing	March 2018	141.3	141.3	100%
16	Hefei Forklift Factory	Shushan District, Hefei	September 2015	Tender, auction and listing	November 2020	862.8	862.8	100%
17	Mark Beijing	Guogongzhuang, Huaxiang, Fengtai District, Beijing	January 2012	Listing	October 2014	23.1	23.1	100%
18	Haikou Xixili	Middle of North Shore of Haidian River, Haikou	December 2012	Listing	November 2015	230.4	230.4	100%
19	Chongqing Nanshanjun	B and C Zone, Huangjueya Group, Nan'an District, Chongqing	June 2010	Auction	December 2013	425.3	425.3	100%
20	Chongqing Shidaiduhui	Chayuan Xincheng District, Nan'an District, Chongqing	December 2010	Auction	January 2014	302.3	302.3	100%

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**Land Reserve of the Group as at 31 December 2015** (continued)

No.	Project Name	Geographic Location	Date and Method of Land Acquisition		Estimated Project Completion Date	Land Reserve (thousand sq.m.)		Percentage of the Group's Interest
			Date	Method		Area	Attributable Area	
21	Chongqing Xinduhui	A Zone, Lujiao Group, Chayuan, Nan'an District, Chongqing	June 2015	Listing	December 2018	2,144.1	2,144.1	100%
22	Chengdu Dachengjun	Xihanggangjiedao, Shuangliu, Chengdu	December 2011	Auction	June 2014	121.6	97.3	80%
23	Chengdu Longxijun	Shunjiang Village Team 6, Gaobei Village Team 3, Tefo Village Team 2, Wuhou District, Chengdu	March 2014	Listing	June 2017	274.2	219.4	80%
24	Shanghai Juyuan	West of Liujiahe and North of Shengzhu Road, Juyuan New District, Jiading District, Shanghai	October 2014	Listing	March 2017	304.5	304.5	100%
25	Ningbo Yao River	East side of Yao River lock, Wenjiaojie Street, Jiangbei District, Ningbo	September 2014	Listing	October 2018	59.9	59.9	100%
26	Jinyu Feili Phase II E12 Plot	Eastern Jiancaicheng, Xisanqi, Haidian District, Beijing	July 2011	Listing	December 2016	29.7	29.7	100%
27	Others	-	-	-	-	78.0	78.0	
<b>II.</b>	<b>Affordable housing projects</b>					<b>628.7</b>	<b>624.6</b>	
1	Changxindian housing with a price cap	Zhangguo Zhuang, Changxindian, Fengtai District	October 2014	Tender, auction and listing	December 2015	13.7	9.6	70%
2	Chaoyang New City Group D	Dong Ba, Chaoyang District, Beijing	November 2013	Allocation	December 2015	98.8	98.8	100%
3	Remaining flats in affordable housing	Shuanghui affordable housing, Chaoyang New City Group G, Jianxinyuan, Jinyuanzhuang				20.6	20.6	100%
4	Nankou housing with a price cap	Nankou Town, Changping District, Beijing	December 2013	Tender	December 2018	86.1	86.1	100%
5	Linoleum factory project	Dahongmen, Fengtai District, Beijing	January 2013	Allocation	December 2019	245.9	245.9	100%
6	Beijing Shunyi Houshayu (housing with restrictions on size and selling prices and owner-occupied housing)	Houshayu Town, Shunyi District, Beijing	October 2015	Tender, auction and listing	September 2018	128.7	128.7	100%
7	Others	-	-	-	-	34.9	34.9	100%
<b>III.</b>	<b>Commercial projects</b>					<b>221.0</b>	<b>221.0</b>	
1	Inner Mongolia C2	South of Chilechuan Street, Saihan District, Huhhot	May 2007	Tender, auction and listing	December 2017	221.0	221.0	100%



## MANAGEMENT DISCUSSION &amp; ANALYSIS

In 2015, the property development segment recorded revenue from its principal business of RMB16,921.4 million, a year-on-year increase of 8.9%, and the gross profit from its principal business was RMB6,204.7 million, a year-on-year increase of 14.7%. The booked GFA was 1,263,051 sq.m. for the year, a year-on-year decrease of 15.6%, among which booked GFA of commodity housing amounted to 1,069,694 sq.m., a year-on-year increase of 10.7%, while booked GFA of affordable housing amounted to 193,357 sq.m., a year-on-year decrease of 63.6%. The aggregated contracted sales area of the Company was 991,654 sq.m., a year-on-year decrease of 32.7%, among which contracted sales area for commodity housing amounted to 899,815 sq.m., a year-on-year decrease of 30.6%, and contracted sales area for affordable housing amounted to 91,839 sq.m., a year-on-year decrease of 48.1%. As at the end of the Reporting Period, the Company had a land reserve totaling approximately 7,349,500 sq.m.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**4. Property Investment and Management Segment**

Thanks to its continuous optimization of operating mode, deepening of resource integration, improvement of service and project quality and standardization of management of non-operating assets, the segment maintained a good momentum. By optimizing customer structure and enhancing operating characters, BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限公司) hit a new high in occupancy rate and achieved a year-on-year increase of 9.5% in rental cash revenue. With almost full marks, BBMG Sheraton Hotel (金隅喜來登酒店) became one of the first hotel worldwide and the first in Mainland China to be recognized as a Sheraton Upgrade Hotel. By targeting high-end clients and forming brand cluster effects, GTC Residence Beijing (環貿國際公寓) obtained an average occupancy rate of 92% and won the “Best Value Apartment” award. Beijing Jianji Assets Management Co., Ltd. (北京建機資產經營有限公司) actively responded to the transferring of the non-core industrial functions of the Beijing capital city by doing a good job in the transferring and removal in Dahongmen, Fengtai District, Beijing and successfully accomplishing the relocation of the remaining and single-living residents in the former Beijing Star Building Materials Co., Ltd.. Fengshan Hot Spring Resort (鳳山渡假村) strengthened transformation of service facilities, expanded sales channels to suppress the downward tendency in business performance. BBMG Property Management Co., Ltd., BBMG Dacheng Property Management Co., Ltd. and Beijing Jinhaiyan Property Management Co., Ltd. took leading positions nationwide with prominent scores in Third-Party Institutional Client Satisfaction Questionnaire through improvement of customer satisfaction and innovative operation services.

In 2015, the property investment and management segment recorded operating revenue from its principal business of RMB2,692.4 million, a year-on-year increase of 22.8%, and gross profit from its principal business was RMB1,620.2 million, a year-on-year increase of 21.2%. As at the end of the Reporting Period, the Company had investment properties totaling 732,800 sq.m. in the core districts of Beijing. The consolidated average occupancy rate was 91% and the consolidated average rental unit price was RMB7.6/sq.m./day.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## Investment Properties Held by the Group as at 31 December 2015

Property Name	Location	Usage	Property Gross Area (thousand sq.m.)	Fair Value (RMB million)	Rental Unit Price (RMB/ sq.m./day)	Average Occupancy Rate (Note)	Unit Fair Value (RMB/sq.m.)
Phase 1 of Global Trade Center	No. 36 North Third Ring East Road, Dongcheng District, Beijing	Commercial	120.5	2,958.9	11.3	93%	24,545
Phase 2 of Global Trade Center	No. 36 North Third Ring East Road, Dongcheng District, Beijing	Commercial	172.1	2,994.0	8.0	97%	17,398
Phase 3 of Global Trade Center (Ground Floor Commercial)	No. 36 North Third Ring East Road, Dongcheng District, Beijing	Retail	71.7	1,091.5	7.3	98%	15,229
Tengda Plaza	No. 8 Houerligou, South of Xizhimenwai Main Street, Haidian District, Beijing	Commercial	84.3	1,516.9	9.0	99%	18,002
Jinyu Mansion	No. A129 Xuanwumen West Main Street, Xicheng District, Beijing	Commercial	44.8	969.9	8.3	99%	21,632
Jianda Building/Beijing Building Materials Trading Tower	No.14 Dongtucheng Road, Chaoyang District, Beijing	Commercial	59.4	1,240.7	5.2	100%	20,904
Dacheng Building	No.127 Xuanwumen West Main Street, Xicheng District, Beijing	Commercial	42.8	930.3	9.5	98%	21,759
		Sub-total	<b>595.6</b>	<b>11,702.2</b>			
Other properties	Beijing Municipality	Commercial and retail	137.2	2,742.6			
		Total	<b>732.8</b>	<b>14,444.8</b>	7.6	91%	19,712

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

## MANAGEMENT DISCUSSION & ANALYSIS

### Analysis of Assets and Liabilities

Unit: RMB'000

	As at 31 December 2015	As at 31 December 2014	Change
Cash and bank balances	<b>18,369,880.69</b>	10,980,171.60	67.3%
Inventories	<b>54,007,187.19</b>	48,853,159.42	10.6%
Available for sale financial assets	<b>604,367.25</b>	1,105,113.25	-45.3%
Construction in progress	<b>1,249,188.81</b>	834,891.67	49.6%
Short-term financing bonds payable	<b>6,000,000.00</b>	6,600,000.00	-9.1%
Bonds payable	<b>12,000,000.00</b>	9,069,911.16	32.3%

Cash and bank balances increased by approximately RMB7,389,709,090 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in pre-selling house payments and fund-raising scale of the Company during the Reporting Period.

Inventories increased by approximately RMB5,154,027,770 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in land reserve and investment in projects in progress under the property development segment of the Company.

Available for sale financial assets decreased by approximately RMB500,746,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the recovery from trust scheme upon maturity purchased from the CCB Trust Co., Ltd. by the Company.

Construction in progress increased by approximately RMB414,297,140 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in the investment in engineering project of BBMG international logistics park and Tiantan Dachang project by the Company during the Reporting Period.

Short-term financing bonds payable decreased by RMB600,000,000 as compared with that of the beginning of the Reporting Period, mainly attributable to the maturity of some short-term financing bonds during the Reporting Period.

Bonds payable increased by approximately RMB2,930,088,840 as compared with that of the beginning of the Reporting Period, mainly attributable to the increase in issuance of private bonds by the Company during the Reporting Period.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## Analysis of Business and Financial Position for the Reporting Period

### 1. Principal business operations

Unit: RMB million

	Revenue from principal business	Cost of sales from principal business	Gross profit margin from principal business (%)	Increase or decrease in revenue from principal business compared with last year (%)	Increase or decrease in cost of sales from principal business compared with last year (%)	Increase or decrease in gross profit margin from principal business compared with last year
Cement and Ready-mixed Concrete	10,828.7	9,385.2	13.3	-14.9	-12.4	Decrease of 2.5 percentage points
Modern Building Materials and Commerce and Logistics	10,371.7	9,363.4	9.7	-1.4	-2.0	Increase of 0.5 percentage points
Property Development	16,921.4	10,716.8	36.7	8.9	5.8	Increase of 1.8 percentage point
Property Investment and Management	2,692.4	1,072.2	60.2	22.8	25.3	Decrease of 0.8 percentage point
Eliminations	(453.1)	(404.3)	-	-	-	-
<b>Total</b>	<b>40,361.1</b>	<b>30,133.3</b>	<b>25.3</b>	<b>-0.5</b>	<b>-2.5</b>	<b>Increase of 1.5 percentage points</b>

## MANAGEMENT DISCUSSION &amp; ANALYSIS

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

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Group were RMB602.2 million, accounting for 18.9% of the profits before tax. The fair value gains on investment properties during the Reporting Period were mainly due to an upward revision to the fair value of the investment properties of the Group by the valuer given the overall surge in rental of commercial properties in the open market in Beijing during the Reporting Period.

**3. Expenses during the Reporting Period**

- (1) Selling expenses were RMB1,546.2 million, an increase of RMB24.6 million year-on-year. Such increase was mainly due to the increase in employee remuneration and advertisement fees.
- (2) Administrative expenses were RMB2,973.8 million, an increase of RMB87.2 million year-on-year. Such increase was mainly due to the increase in employee remuneration and losses from suspension of production.
- (3) Finance costs were RMB1,335.5 million, an increase of RMB126.1 million year-on-year. Such increase was mainly due to the increase in interest expenses from bonds payable.



## MANAGEMENT DISCUSSION & ANALYSIS

### 4. Cash flows

During the Reporting Period, a net increase of RMB4,733.9 million in cash and cash equivalents was recognized in consolidated financial statements of the Company. Such increase was the net result of (i) the net cash outflow generated from operating activities of RMB652.6 million, representing an decrease in outflow of RMB5,503.6 million year-on-year, which was attributable to the decrease in land reserve payment; (ii) the net cash outflow generated from investment activities of RMB1,407.0 million, a decrease in outflow of RMB209.9 million year-on-year, which was attributable to the recovery from trust scheme on maturity and acquisition of Xingtai BBMG Yongning Cement Co., Ltd.; (iii) the net cash inflow generated from financing activities of RMB6,795.5 million, a decrease in inflow of RMB1,591.9 million year-on-year and (iv) the exchange realignment of RMB-2.0 million.

### Core Competence Analysis

The Company is one of the 12 large cement enterprises that received key support from the Central Government, and the biggest cement manufacturer and supplier in the region covering Beijing, Tianjin and Hebei Province. Benefiting from the unique geographical advantages and national strategy of synergetic development of Beijing, Tianjin and Hebei Province, and the synchronized development of Beijing and Tianjin, the Company has developed notable edges in regional scale and market dominance, and has become a leading cement enterprise which is devoted to low-carbon, environmental protection, energy-saving and emission reduction initiatives, as well as development of the circular economy. As one of the largest affordable housing developers in Beijing, the Company owns low-cost land reserve for property development and abundant industrial land reserve in first-tier cities. Also, the Company is a leading supplier of green, eco-friendly and energysaving building materials in the Pan Bohai region and is one of the largest holders and managers of investment properties in Beijing. The four major business segments of the Company have witnessed strong growth and synergetic development by extending their principal businesses to more than 20 provinces, cities and regions in the PRC.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

The core competitiveness of the Company is detailed as follows:

1. **Competitive Edge in the Industrial Chain:** The Company develops a core industrial chain in the form of “cement and ready-mixed concrete – modern building materials manufacturing and commerce and logistics – property development – property investment and management”, resulting in a unique development model with all four major business segments incorporated. With acceleration of industrial transformation and upgrading, the cement industry has turned from a grey industry to a green one, while the industry’s development layout has shifted from single products to a comprehensive industrial chain. By leveraging the advantages accumulated in the manufacture of green building materials, the Company extends its industrial chain upward and downward and expands toward property development. While focusing on business collaboration and high-end development, the Company has developed toward the modern service sector, including modern property management services and financial services. Taking advantage of the characteristics of the real estate development industry of large amount of funds and great demand for products, the Company, through market behaviors, drove the application of modern building materials, cement, concrete and other products as well as the development of relevant services such as design, fitting-out and property management. The Company, by enhancing quality of and capacity of offering relevant services, has enhanced its competitiveness in modern building materials and property management services and promoted the quality of real estate projects. Property operation and high-end property management services with the support of the Company’s edge in brand, operation, management and techniques, have succeeded in the promotions of values of real estate for both commercial and residential purposes and cutting inventories. Meanwhile, the real estate development industry has pioneered market of the target region backed by various resources and advantages accumulated in the implementation of the “going out” strategy by cement and building material industries. Different segments support and promote the development of each other with significant synergistic effect and overwhelming advantages as a whole. Edges in scale centralizing on the industrial chain, coordination among and integration of different segments have been cumulating.
2. **Competitive Edge in Technology R&D:** The Company enhances its overall strength through technology innovation and continues to increase investment in technology R&D, which gives the Company a sharp edge in the industry in respect of technologies. Technology innovation nurtures new economic growth point and strengthens the momentum of industrial development for the Company. The Company obtained the approval to establish science

## MANAGEMENT DISCUSSION &amp; ANALYSIS

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

With an investment of approximately RMB660 million in technology R&D in 2015, the Company recorded revenue from sales of new products of approximately RMB1.8 billion, undertook 13 state-level science and technology projects, received 26 provincial and ministry-level (including industry) technology awards, obtained 109 national patents, and played a leading role in formulating 44 national, industrial and local standards. The state-level technology center of the Company was highly evaluated by the National Development and Reform Commission with its high quality. The Ultra-low Energy Consumption Construction Project Research Center of the BBMG Academia Sinica has been approved by the Beijing Municipal Science & Technology Commission. Zanhuang BBMG Cement Co., Ltd. has been conferred the title of enterprise technology center of Hebei Province. Tongda Refractory Technology Co., Ltd. was given the title of new and high technology result transfer model enterprise of Beijing. 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 and acquired more than 20 "patented push" website services. Furthermore, the Company finished its 19 major R&D projects with practical, strategic and forward-looking results. The Company has formulated and implemented the R&D Project Administration Measures to rectify R&D project flow and strengthen fine management of every step of R&D projects. The above measures successfully boosted technology innovation, broke through the bottleneck constraining the industrial development of the Company and created new conditions for the Company's flexible industrial transformation to intellectualization and digitization, upgrades as well as an innovation-driven environment.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

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”, the Company adapted to the capital’s positioning of core functions by putting more efforts in developing circular economy and low-carbon economy and establishing a sound system for environmental management, with an aim to accelerate its pace towards transformation and upgrading and embark on a sustainable path for green development. As one of the first pilot enterprises in China to develop the circular economy, the Company cooperates with the government to build a garbage pollution-free city by promoting the circular economy model with “resources-products-wastes-renewable resources” as its core procedure. The Company has accumulated a wealth of experience in the synergetic use of cement kiln for the disposal of waste and has developed a comprehensive scientific research system that focuses on hazard-free disposal of urban waste. In addition, the Company independently developed, built and operated a number of environmental protection facilities, including the first demonstration line of utilizing cement kiln for hazard-free disposal of industrial solid waste in China, the first production line of applying the synergetic use of cement kiln for the disposal of fly ashes from garbage incineration in China, and an integrated treatment center for hazardous waste which is equipped with the nation’s most advanced technology and facilities under the most comprehensive system. With the capacity to dispose of more than 200,000 tonnes of sludge, 30,000 tonnes of fly ashes and 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, which are environment-friendly, energy-saving and low-carbon with heat-insulation, heat preservation and fireproof features. The Company successfully formulated quality and quantity standards for the transformation and upgrading of manufacturing enterprises, efficiently promoted the standardization of environmental protection, the environmental self-supervision and examination as well as the rectification and implementation mechanism for the enterprise, which maximize the Company’s economic and resource usage efficiencies. As a result, the Company has made significant contributions to urban development, environmental safety and social harmony, and became the first cement enterprise which received the “China’s Environment Award”, a distinctive honor in the environmental protection field. The Company was the only enterprise to win the “Green Ecology Media Award” under the Beijing Influence Award. Beijing Cement Plant Co., Ltd., Beijing Liulihe Cement Co., Ltd. and Tianjin Zhenxing Cement Co., Ltd., all being subsidiaries of the Company, were among the first batch of enterprises recognized as “Energy Conservation and Emission Reduction Model Enterprises” in the building material sector.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

In 2015, the Company invested approximately RMB250 million in implementing environmental protection measures and clean energy transformation, and obtained the environmental protection incentive fund of more than RMB24 million from the government. The Company strengthened the comprehensive utilization of resources, with over 40 of its subsidiaries benefiting from the preferential tax policy in relation to comprehensive utilization of resources, over 50 certificates on comprehensive utilization of resources held as well as comprehensive utilization of 20 types of waste listed in the state directory totaling more than 20 million tonnes. The residual heat power generators established by the cement enterprise subordinated to the Company has a total capacity of 200 MW by the end of 2015. It is expected that nearly 1.4 billion kWh of electricity can be provided per year, with reduction in consumption of standard coal by approximately 350,000 tonnes and CO<sub>2</sub> emissions by nearly 1.2 million tonnes. Beijing Liulihe Cement Co., Ltd., Beijing Cement Plant Co., Ltd. and Beijing Taihang Qianjing Cement Co., Ltd. remained in operation and were listed as environment protection infrastructure of the city upon the approval of the Beijing government; The project carried out by Beijing Cement Plant Co., Ltd. that utilized cement kiln for hazard-free disposal of polluted soil has disposed of polluted soil making use of the heat generated by burning industrial wastes, realized the goal of “waste control by waste” and became the first enterprise in China to perform large-scale disposal of volatile and semi-volatile polluted soil with cement kiln by utilizing advanced international technologies; Beijing Liulihe Cement Co., Ltd. has taken part in the fly ash project. Zhuolu Jinyu Cement Co., Ltd. has coordinated with the Company and participated in the hazardous wastes project and helped obtained the business permit on hazardous wastes. Beijing Liulihe Cement Co., Ltd., Beijing Taihang Qianjing Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd. and other companies have completed their tasks as to the construction and operation of sludge disposal project.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

4. **Competitive Edge in Industry-Finance Integration:** BBMG Finance Co., Ltd. offers a new platform to enhance BBMG's overall capital operational efficiency, diversify financing channels and prevent capital risks, facilitating the organic integration between industry capital and financial capital. By broadly cooperating with banks and financial institutions, the Company explores and adopts a wide variety of financing methods, including non-public offering, corporate bonds and convertible bonds. The multi-level and multi-channel financing approach effectively improves capital operational capacity and management efficiency, and further reduces corporate financing costs.

In 2015, the Company has successfully performed non-public offering of A shares valued at approximately RMB4.7 billion, which has further secured the operation and asset liquidity of the Company, as well as boosted its sustainable development. By deepening cooperation with financial institutions, the Company registered bonds of RMB25 billion and successfully issued RMB7 billion of such bonds, which has effectively improved the term structure of the liabilities of the Company. The Company further diversified the investment methods for overall development, expanded the financing channels and further strengthened capital protection. The Company also increased its investment in BBMG Hong Kong Co., Ltd. by establishing BBMG Finance Lease Co., Ltd., which expanded the foreign financing channels of the Company.

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 basic framework for the core essence of BBMG's corporate culture which is composed of human spirits of "three emphasis and one endeavor", "integration, communion, mutual benefit and prosperity", "eight specials" and "boost enterprise growth with practical actions". 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 been consecutively honored as a well-known trademark in Beijing. The unique culture raises the brand awareness and prestige of BBMG. The continuous growth in corporate culture has created a sound cultural atmosphere and intelligence support for the materialization of development vision and objectives of the Company.

## Discussion and Analysis on Future Development

### (I) Industry Competition pattern and Development Trend

The current economic downward pressure remains immense; the overall market demand remains weak; the shift from the old growth momentum to the new one will take time; and the pain of structural adjustment will continue. Yet, the state's pressing ahead with supply-side structural reform, greater efforts in downsizing capacity, de-stocking, deleveraging, reducing costs and bolstering weak spots, gradual release of reform dividend, and improved market mechanism will bring new impetus to upgrade the quality and efficiency of China's economy, and will offer rare new historical opportunities for the industry and the Company to achieve new leaps in development.

1. Correct understanding of the long-term new economic normals. After the financial crisis, the world economy and trade decline, and China's economy is faced with the dual pressures of cyclical slowdown and restructuring, so economic slowdown and downward trend will persist in the long run. In the next few years, the country's GDP growth is expected to maintain at from 6.5% to 7%, suggesting no fundamental changes in the market demand in the near future.

Presently, China is speeding up the "supply-side structural reform", and the disposal of "zombie companies" has been put on the agenda. The survival pressures will further increase on some enterprises with small production capacity, low-tech, backward environmental protection and weak market competitiveness. Those enterprises at a loss for many years may be identified as "zombie companies", and forced to quit or knocked out from the market.



## MANAGEMENT DISCUSSION &amp; ANALYSIS

2. Correct understanding of the grave situation facing the industry. Against the backdrop of serious excess capacity, a serious decline in economic benefit of the industry is few and far between for many years, and the development of the industry is in a serious imbalance between supply and demand.

Competition in the cement industry is more intense. In 2015, the annual cement production dropped about 5% year on year, with that of the market in North China declining by about 15%. The revenues of cement industry saw a YoY decrease of about 10%, and its profits stood at about RMB33 billion, down around 58% over the same period last year. To be specific, the revenues of the cement industry in North China amounted to approximately RMB66.2 billion, plunging by about 223% as compared with that of last year. Worse still, the annual loss reached RMB4.21 billion, a YoY drop of about 157 times.

The property market as a whole continued to adjust and roll back in the past year. In 2015, development and investment in the property industry nationwide achieved a year-on-year increase of 1.3%, a substantial year-on-year roll back in the growth rate, hitting another low level since the reform of housing system. The accumulative newly developed land area for commodity housing declined by 14% compared with the same period last year. However, motivated by a series of stimulating government policies, the sales of housing began to recover. With the worsening of differentiation in land market, "The Most Expensive Land" emerged in a row in hot cities, while the land market in third and fourth-tier cities remained sluggish. The advocacy was raised at the 2015 Central Economic Work Conference of "Expanding effective demands, connecting supply and demand and digesting stocks". As relatively lenient policies were issued in a row, the market demands would be further released and the sales would recover gradually, especially the sales of housing in first-tier cities with obvious backup momentums. In the meantime, the market differentiation among cities continued to exist and the sales in some of the bulk-stocked cities remained blue. In addition, triggered by housing policies, land purchasing costs for various property development enterprises continued to increase, which enhanced the yield risks of future property projects.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

3. Correct understanding of the strategic opportunities for development. Despite the hardship and threats, we should see the opportunities and favorable conditions for development.

First, during the “13th Five-Year Plan”, the average annual GDP growth rate of China should be no less than 6.5%, which seemed to decrease a lot but indicated remarkable absolute value. In general, China’s economy tends to grow in a sound manner in the long run, so the following year is still a period of important strategic opportunities for making great achievement.

Second, China’s reform of the supply front and innovation drive will bring new markets and demands. In the past, the repeated construction in architecture material industry resulted in serious excess production capacity, while lack of effective and quality supply led to the excess-demand situation of many high-end, quality and special products. With the building of a new national industrial system and implementation of the “Outline of Made in China 2025”, the industrial development will transform from quantitative increase to qualitative elevation, to comprehensive improvement of product functions and performance and adding refined products, upgrading levels and shaping brands. The cost-effective, high value-added and high-end products the Company is researching on and planning to develop will create new source for economic growth.

Third, the synergistic development of Beijing, Tianjin and Hebei Province, the transferring of the industrial functions of the Beijing capital city has provided the Company with the opportunities for industrial transformation and upgrading and development driven by innovation. The planning and construction of some major projects such as Beijing Subsidiary Administrative Center and a new airport in Beijing will accelerate the sales of the Company’s products like cement, concrete and new building materials; The transferring of the industrial functions of the Beijing capital city and the reconstruction of old communities and squatter settlements in central Beijing will also create opportunities for the development of the Company’s property development, new building materials and property investment and management.

Fourth, the relative state policies encouraging integration production capacity is beneficial for the Company’s regional mergers and acquisitions and integration of sources like mines and land, on which basis it can carry out corresponding upgrades and reconstruction, laying foundation for its further development.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**(II) The Company's Development Strategy**

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

## MANAGEMENT DISCUSSION &amp; ANALYSIS

***Development Strategy for the Company's Segments in 2016:***

1. Cement and ready-mixed concrete segment is based on depth integration of information technology and manufacturing technology and guided by green and low-carbon development, concentrates on improving profitability, optimizes production, supply, sales and management pattern, stimulates and taps the potential for efficient allocation of various factors of production, perfects and strengthens segment stock assets, maximizes the economies of scale and synergies, creates cost advantage and comparative advantage, and nurtures the Company's core competitiveness and capacity of sustainable development.
2. Modern building materials and commerce and logistics segment needs to make the best use of the stock resources, explores new approaches to increment and development, comprehensively carries out benchmark management, implements enterprise diagnosis and enhances corporate core competitiveness and profitability. The commerce and logistics segment needs to break into both the domestic and international market, and builds an international trade industry primarily engaging in home services and bulk commodity trade and owning operating entities, e-business services and many other operating channels.
3. Real estate development segment adheres to the guideline of "accelerating cash flow" and the "adjustment to two structures", explores innovative mechanisms for cooperation and land acquisition on the premise of taking the initiative, expands access to projects, reasonably considers land acquisition price, innovates and optimizes control business model, boosts operation efficiency of projects, strictly controls project operating costs, enhances product competitiveness and encourages steady growth in the size and profit of the real estate segment.
4. Real estate and property segment actively promotes management innovation, vigorously presses ahead with the transformation and upgrading of enterprises and maintains the continued economic growth of the segment in accordance with the principle of "changing concept, adjusting structure, strengthening management, and promoting growth".

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**(III) Business Plan**

2016 is the first year of the “13th Five-Year Plan”. Confronted with the complex and changeable external economic environment and new opportunities for reform and development, the Board will carefully study and judge the macroeconomic situation and the economic operating dynamics of the industry, carry out transformation, optimization and upgrading, stimulate development via innovation, bolster confidence in development, strengthen the responsibilities for development, create new development paths and resolve difficulties in development, hence laying sound groundwork for accelerate the attainment of the Company’s objectives during the “13th Five-Year Plan”.

**(IV) Possible Risks****1. Risks in Policies**

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

Solution: Leveraging fully on the advantages in scale, region and brand, the Company will sharpen its core competence and minimize the risks brought by macroeconomic policies through enhancing the interpretation, analysis and judgment of the national macroeconomic policies, actively adapting to the “new normal” in response to national policies, making use of market trends, further raising the awareness in opportunity identification, synergy among industry segments and development and incrementally enhancing the abilities in institutional innovation, system innovation, technology innovation and management innovation.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**2. Risks in Market Competition**

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

Solution: Adhering to the principal business of cement, the Company will expedite the development of up and down-stream products and businesses such as aggregate, commercial concrete, mortar and cement products, and improve the regional market integration to expand its regional market share. Meanwhile, the Company will intensify internal management and boost its market competitiveness by accelerating transformation and upgrading, enhancing technology research and development and innovation, tweaking equipment and technologies, saving energy and reducing consumption and lowering production costs.

**3. Risks in Capital Operation**

In 2016, the central bank will maintain a prudent monetary policy. The interest rate marketization revolution will be further accelerated. Since it is in the stage of rapid development, the Company will face certain level of financial pressures to maintain daily operations and meet needs of future development.

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

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**Liquidity and Financial Resources**

As at 31 December 2015, the Group's total assets amounted to RMB130,746.7 million, an increase of 13.0% from the beginning of the Reporting Period, of which liabilities amounted to RMB88,564.8 million, minority interests amounted to RMB4,098.9 million and total equity attributable to the shareholders of the parent company amounted to RMB38,083.0 million. The asset quality of the Group was significantly improved. Total equity attributable to shareholders amounted to RMB42,181.9 million, an increase of 16.4% from the beginning of the Reporting Period. As at 31 December 2015, the Group's net current assets were RMB24,149.0 million, an increase of RMB8,643.9 million year-on-year. Debt ratio (total liabilities to total assets) as at 31 December 2015 was 67.7%, a slight decrease of 1.0 percentage point from the beginning of the Reporting Period.

As at 31 December 2015, the Group's cash and bank balances amounted to RMB18,369.9 million, an increase of RMB7,389.7 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, short-term financing bonds, corporate bonds, medium-term notes, private bonds and banking facilities provided by its principal bankers in the PRC. As at 31 December 2015, the Group's interest-bearing bank borrowings amounted to RMB25,504.6 million (as at 31 December 2014: RMB21,728.6 million) and bore fixed interest rates. Of these borrowings, approximately RMB18,616.0 million interest-bearing bank borrowings were due for repayment within one year, an increase of approximately RMB3,666.9 million from the beginning of the Reporting Period. Approximately RMB6,888.6 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB109.1 million from the beginning of the Reporting Period. The Group's interest-bearing bank borrowings were all denominated in RMB.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. The Company has sufficient capital for its operations. As at 31 December 2015, the Group had no future plans for material investments or capital assets.



## MANAGEMENT DISCUSSION & ANALYSIS

### Material Acquisition or Disposal of Subsidiaries

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

### Connected Transaction

On 25 December 2015, the relocation and compensation agreement was entered into between 北京金隅混凝土有限公司 (BBMG Concrete Co., Ltd.) (a wholly-owned subsidiary of the Company) and 北京西砂資產經營有限公司 (Beijing Xisha Asset Operation Co., Ltd.) (a wholly-owned subsidiary of BBMG Group). Pursuant to the relocation and compensation agreement, BBMG Concrete Co., Ltd. agreed to demolish and vacate the properties on the land parcel with an area of 130,112.741 square meters which is located at Tiancun Shan, Haidian District, Beijing, and spans to the current Railway No. 101 in the east, to Laoshan North Road in the south, to Shangzhuang East Road in the west and to Fushi Road in the north and Beijing Xisha Asset Operation Co., Ltd. agreed to compensate BBMG Concrete's relocation costs in the amount of approximately RMB94,931,000.

### 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, 20 August 2015, 18 September 2015 and 28 October 2015 and the circular of the Company dated 30 April 2015. At the annual general meeting for 2014 held on 27 May 2015 and the 2015 first extraordinary general meeting ("**2015 First EGM**") held on 12 August 2015, the relevant resolutions in relation to the 2015 Proposed Placing were duly passed.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

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.

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

**Basic information on the 2015 Proposed Placing**

- |    |                          |                      |
|----|--------------------------|----------------------|
| 1. | Class of shares:         | A Shares             |
| 2. | Nominal value per share: | RMB1.00              |
| 3. | Number of shares issued: | 554,245,283 A Shares |
| 4. | The issue price:         | RMB8.48 per A Share  |

## MANAGEMENT DISCUSSION &amp; ANALYSIS

On completion of the 2015 Proposed Placing, the final target subscribers and number of Shares issued are as follows:

<b>Number</b>	<b>Name of target subscribers</b>	<b>Number of Shares subscribed</b>	<b>Amount (RMB)</b>	<b>Lock-up period</b>
1	BBMG Group	94,339,622	799,999,994.56	36 months
2	Qian Hai Life Insurance Co., Ltd.*	56,603,773	479,999,995.04	12 months
3	Tianjin Building Materials Group (Holdings) Co., Ltd.*	53,655,665	455,000,039.20	12 months
4	Bosera Asset Management Co., Ltd.*	53,066,037	449,999,993.76	12 months
5	Pingan UOB Fund Management Co., Ltd.*	77,830,188	659,999,994.24	12 months
6	Guohua Life Insurance Co., Ltd.*	70,754,716	599,999,991.68	12 months
7	Caitong Fund Management Co., Ltd.*	81,957,547	694,999,998.56	12 months
8	Manulife Teda Fund Management Co., Ltd.*	66,037,735	559,999,992.80	12 months
	<b>Total</b>	<b>554,245,283</b>	<b>4,699,999,999.84</b>	

## MANAGEMENT DISCUSSION & ANALYSIS

The shareholding structure of the Company immediately before and after completion of the 2015 Proposed Placing is as follows:

Shareholders	Immediately before completion of the 2015 Proposed Placing		Immediately after completion of the 2015 Proposed Placing	
	Number of Shares	Approximately percentage to the total issued Shares of the Company	Number of Shares	Approximately percentage to the enlarged total issued Shares of the Company
BBMG Group	2,304,339,164		2,398,678,786	
	A Shares	48.16%	A Shares	44.93%
Public/other public Shareholders	1,310,918,685		1,770,824,346	
	A Shares	27.40%	A Shares	33.17%
	1,169,382,435		1,169,382,435	
	<u>H Shares</u>	<u>24.44%</u>	<u>H Shares</u>	<u>21.90%</u>
<b>Total</b>	<b><u>4,784,640,284</u></b>	<b><u>100%</u></b>	<b><u>5,338,885,567</u></b>	<b><u>100%</u></b>

In order to enhance the utilization efficiency of the proceeds from the 2015 Proposed Placing and reduce financial costs, according to the “resolution for considering the temporary supplement of working capital by certain idle proceeds” considered and passed at the Board meeting held on 25 December 2015, the Company was agreed to use RMB2,650.0 million from the idle proceeds from the 2015 Proposed Placing as temporary replenishment of working capital, for a term not more than 12 months from the date the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds from the 2015 Proposed Placing. Use of partial idle proceeds from the 2015 Proposed Placing as replenishment of working capital will not change or disguisedly change any part of the applications. The working capital temporarily replenished will only be applied for production and operation related to the principal businesses, and will not directly or indirectly used for placement and application of new shares, or for transactions such as shares and its derivatives, convertible bonds. The Company will return the monies in a timely manner to the designated account for proceeds from the 2015 Proposed Placing by using its own funds or bank loans at any time upon demand for construction of investment project financed by proceeds raised to ensure the progress of the project.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## Use of Proceeds from the 2015 Proposed Placing

RMB million

No.	Project	Funds to be invested out of the proceeds from the 2015 Proposed Placing	Accumulative actual use of proceeds from the 2015 Proposed Placing as at 31 December 2015
1	Beijing Chaoyang District Chaoyang North Road residential, secondary and primary school and nursery project (北京市朝陽區朝陽北路地塊二類居住、中小學合校及托幼用地項目)	900.0	350.1
2	Beijing Chaoyang District, Dongba Dandian secondary residential and primary school project (北京市朝陽區東壩單店二類居住及小學用地項目)	1,700.0	331.6
3	Tianjin BBMG Zhongbei Town residential project (天津市金隅中北鎮住宅項目)	500.0	247.1
4	Nanjing City Jianye District Xinglong Street North project (南京市建邺區興隆大街北側項目)	1,000.0	182.3
5	Supplementing working capital	600.0	600.0
	<b>Total</b>	<b>4,700.0</b>	<b>1,711.1</b>

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**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 a total consideration of approximately RMB2,500 million and RMB295 million respectively.

Gross proceeds raised from the 2013 Proposed Placing were approximately RMB2,795.0 million. Based on the estimation of all applicable costs and expenses in association with the 2013 Proposed Placing, the net proceeds from the 2013 Proposed Placing (after deducting all applicable costs and expenses in association with the proposed placing) were approximately RMB2,774.7 million, 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 Hong Kong Stock Exchange (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.

## MANAGEMENT DISCUSSION &amp; 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	Accumulative actual use of proceeds from the 2013 Proposed Placing as at 31 December 2015
1	Engineering project of BBMG international logistics park	1,369.4	1,369.4	979.5	979.5	308.1
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	419.5
3	Temporary replenishment of working capital (Note)	-	-	-	-	1,151.9
4	Permanent replenishment of working capital	-	-	-	895.2	895.2
<b>Total</b>		<b>3,907.5</b>	<b>2,663.5</b>	<b>2,774.7</b>	<b>2,774.7</b>	<b>2,774.7</b>

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 at a meeting on 12 April 2014, upon expiry of which on 9 April 2015, RMB2,200.0 million had been returned to the designated account for proceeds from the 2013 Proposed Placing. According to the "resolution for considering the temporary supplement of working capital by certain idle proceeds" considered and passed at the Board meeting held on 14 April 2015, the Company was agreed to use RMB2,200.0 million from the idle proceeds from the 2013 Proposed Placing as temporary replenishment of working capital, for a term not more than 12 months from the date the Board considered and approved the use, upon expiry of which the monies shall be returned to the designated account for proceeds from the 2013 Proposed Placing. Use of partial idle proceeds from the 2013 Proposed Placing as replenishment of working capital will not change or disguisedly change any part of the applications. The working capital temporarily replenished will only be applied for production and operation related to the principal businesses, and will not directly or indirectly used for placement and application of new shares, or for transactions such as shares and its derivatives, convertible bonds. The Company will return the monies in a timely manner to the designated account for proceeds from the 2013 Proposed Placing by using its own funds or bank loans at any time upon demand for construction of investment project financed by proceeds raised to ensure the progress of the project.

On 13 October 2015, the Company had returned RMB895.2 million out of RMB2,200.0 million above ahead of schedule to the designated account for proceeds from the 2013 Proposed Placing.

## MANAGEMENT DISCUSSION & ANALYSIS

### Pledge of Assets

As at 31 December 2015, certain of the Group's inventories, fixed assets, investment properties, intangible assets-land use rights and bills receivable amounting to RMB11,337.6 million (as at 31 December 2014: RMB8,935.3 million) were pledged to secure short-term and long-term loans of the Group, which accounted for approximately 8.7% of the total assets of the Group (as at 31 December 2014: 7.7%).

### Contingencies

	As at 31 December 2015	Unit: RMB As at 31 December 2014
Provision of guarantee to third parties (Note)	<b>5,669,464,952.49</b>	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 management is of the opinion that in the event of default in payments, the net realizable value of the relevant properties is sufficient to cover the outstanding mortgage principals together with the accrued interests and penalties, and therefore no provision for the guarantees has been made in the financial statements.

### Commitments

	As at 31 December 2015	Unit: RMB As at 31 December 2014
Contracted but not provided for:		
Capital commitments	<b>361,924,923.37</b>	135,966,972.58
Property development contracts	<b>8,413,910,062.16</b>	7,638,005,516.15
Investment commitments	–	245,668,600.00
	<b>8,775,834,985.53</b>	8,019,641,088.73

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



## MANAGEMENT DISCUSSION & ANALYSIS

### **Significant Events After the Balance Sheet Date**

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

### **Employees and Remuneration Policy**

As at 31 December 2015, the Group had 28,619 employees in total (as at 31 December 2014: 28,753 employees). During the Reporting Period, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately RMB1,839.9 million (for the year ended 31 December 2014: RMB1,720.7 million), representing an increase of approximately of 6.9%.

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

## MANAGEMENT DISCUSSION &amp; ANALYSIS

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

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

## MANAGEMENT DISCUSSION &amp; ANALYSIS

**Training scheme**

The Company's training program encompasses theoretical study classes for department heads and cadres in factories, backup team training for talents of three supports (supporting agriculture, education and health), training for grassroots party workers, that for party representatives, that for senior corporate management personnel, that for orientation of college graduates, that for human resource managers, continuing education for legal advisers, training for special operating personnel, that in standardized environmental construction and implementation plans, that in petition business, that for chief employees, covering a total of 8,600 people.

The statistics of the profession composition of the employees (as at 31 December 2015)

<b>Employee profession</b>	<b>Number of employees</b>
Production personnel	17,286
Sales personnel	3,062
Technical personnel	3,033
Financial personnel	1,063
Administrative personnel	3,402
Other personnel	773
Total	28,619

The statistics of the education level of the employees (as at 31 December 2015)

<b>Education level</b>	<b>Number of employees</b>
Postgraduate or higher	635
Undergraduate	7,706
Tertiary college graduate	5,771
Secondary vocational school graduates or lower qualifications	14,507
Total	28,619

## MANAGEMENT DISCUSSION & ANALYSIS

### Foreign Exchange Risk Management

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

### Treasury Policies

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

# REPORT OF THE DIRECTORS

The Directors have the pleasure in presenting to the shareholders their report and the audited financial statements of the Group for the year ended 31 December 2015. The Company was established and registered as a joint stock company with limited liability in the PRC under the Company Law of the PRC on 22 December 2005 and registered on 4 November 2008 as a non-Hong Kong company in Hong Kong under part XI of the Hong Kong Companies Ordinance. The H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 29 July 2009. The A shares of the Company were listed on the Shanghai Stock Exchange on 1 March 2011.

## Principal Activities

The principal activities of the Company are investment holding and property investment. The Group is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment and provision of property management services. The activities of the Group's principal subsidiaries are shown on pages 292 to 301. An analysis of the performance of the operating segments of the Group for the year by business segments is set out in Note XIV. 2 to the financial statements.

## Results and Dividends

The results of the Group for the year ended 31 December 2015 and the state of affairs of the Group at that date are set out in the financial statements on pages 126 to 127 and 123 to 125 of this Annual Report.

No interim dividend had been paid during the Reporting Period. The Directors recommend the payment of a final dividend of RMB0.03 per share (totaling approximately RMB160,166,567) for the year ended 31 December 2015 to the shareholders on or before 18 July 2016 subject to the approval of the shareholders of the Company at the forthcoming 2015 annual general meeting ("**2015 AGM**").

The Directors recommend a bonus issue of shares by way of conversion of capital reserve of the Company on the basis of ten bonus shares for every ten existing shares. Subject to and upon the approval of the shareholders at the forthcoming 2015 AGM, the bonus shares are expected to be issued and despatched on or around 17 June 2016 (Friday) to H shareholders. The bonus shares are expected to commence listing and dealing on the Hong Kong Stock Exchange on 20 June 2016. For details of the bonus issue of shares, please refer to the circular of the Company dated 25 April 2016.

As far as the Company is aware of, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the Reporting Period.

# REPORT OF THE DIRECTORS

## Business Review

Details of the Group's business review as specified in Schedule 5 Rules 1 and 2 of the Hong Kong Companies Ordinance Chapter 622 during the Reporting Period, including (i) the review of the Group's business; (ii) a description of the principal risks and uncertainties facing the Group; (iii) particulars of important events affecting the company that have occurred since the end of the Reporting Period; (iv) an indication of likely future development in the Group's business; (v) an analysis using financial key performance indicators; (vi) a discussion on the Group's environmental policies and performance and the Group's compliance with the relevant laws and regulations that have a significant impact on the Group; and (vii) an account of the Group's key relationships with its key stakeholders such as employees that have a significant impact on the Group and on which the Group's success depends are set out in the sections headed "Management Discussion & Analysis" on pages 22 to 65 and "Report of the Directors" on pages 66 to 80 of this Annual Report.

## Property, Plant and Equipment and Investment Properties

Details of movements in the property, plant and equipment and investment properties of the Company and the Group during the Reporting Period are set out in Notes V. 13 and V. 12 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 36.

## Summary Financial Information

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 356 of this Annual Report. This summary does not form part of the audited financial statements.

## Bank Loans, Corporate Bonds and Notes

Details of the Company's and the Group's short-term loans bills payable, long-term loans and bonds payable as at 31 December 2015 are set out in Notes V. 22, 23, 31, 33 and 34 to the financial statements, respectively. During the Reporting Period, interest capitalized amounted to approximately RMB1,110,494,903.59, details of which were set out in Note V. 52 to the financial statements. Pursuant to the approval of a special resolution at the annual general meeting of the Company held on 22 May 2014, the Company (1) issued the first tranche of debentures in the total amount of RMB2.0 billion on 5 February 2015 with a coupon rate of 5.50%; (2) issued the second tranche of debentures in the total amount of RMB2.5 billion on 19 March 2015 with a coupon rate of 5.46%. Pursuant to the approval of a special resolution at the annual general meeting of the Company held on 27 May 2015, the Company (1) issued the first tranche of super short-term notes in the total amount of RMB1.0 billion on 16 September 2015 with a coupon rate of 3.46%; (2) issued the second tranche of super short-term notes in the total amount of RMB1.0 billion on 24 September 2015 with a coupon rate of 3.49%; (3) issued the first tranche of short-term notes in the total amount of RMB2.0 billion on 14 October 2015 with a coupon rate of 3.39%; (4) issued the first tranche of medium-term notes in the total amount of RMB1.0 billion on 15 October 2015 with a coupon rate of 5.09%;

## REPORT OF THE DIRECTORS

and (5) issued the third tranche of super short-term notes in the total amount of RMB2.0 billion on 19 November 2015 with a coupon rate of 3.70%. The proceeds of the debentures, super short-term notes, short-term notes and medium-term notes were used for general working capital and including but not limited to the capital requirements for project investments and capital operations.

### **Permitted Indemnity Provision**

Pursuant to the Articles of Association of the Company, every Directors, Supervisors, president and other senior management members shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors, Supervisors, president and other senior management members of the Company during the Reporting Period.

### **Environmental Protection Policies**

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise its environmental impact by conserving natural resources and encouraging recycle of resources. Meanwhile, the Group has conscientiously implemented a series of national and local guidelines and policies on energy conservation and environmental protection, took energy conservation and environmental protection as an important means for transforming development mode, increasing efficiency and fulfilling social responsibilities, and strived to overcome the profound impact resulting from severe and complicated economic situation and national industrial policy adjustment to steadily carry forward energy conservation and environmental protection work.

### **Relationships with Customers, Suppliers and Employees**

Currently, the Company's principal businesses cover four major business segments, namely cement and ready-mixed concrete, modern building materials and commerce and logistics, property development and property investment and management, and its main products involve various offerings, including cement, ready-mixed concrete, furniture and woods, decorative and fitting materials, wall body and insulation materials, refractory materials, affordable housing, commodity housing and investment properties, with diversified customer composition. By adhering to the objective of "customer first", the Company actively arrange its overall sales channels while enhancing its after-sales service quality, so as to establish long-term stable cooperation relationships and promote good win-win relationships with customers, as well as strengthen its position in the industry and market image.

For a long time, the Company persists in the equal consultation, mutual benefit and win-win principle, and always establishes long-term strategic partnership with suppliers with good qualification, reputation and high quality products and services.

## REPORT OF THE DIRECTORS

The Company firmly fosters a people-oriented development philosophy. Based on development of harmonious labor relations and protection of employees' legal interests, the Company strives to promote building of a service, innovation, learning-oriented team to condense talented people and realize their value, providing talent assurance for the Company's long-term development.

### **Compliance with the Relevant Laws and Regulations which have a Significant Impact on the Group**

During the Reporting Period, the Group had compliance policies and procedures in place to ensure compliance in all material respects with applicable laws, rules and regulations which have a significant impact on the Group, including the PRC Company Law, the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Rules for the General Meetings of Shareholders of Listed Companies (《上市公司股東大會規則》), and the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》). During the Reporting Period, the Group had been committed to ensuring the compliance with these laws and regulations through various measures, such as internal controls and risk management, approval procedures and training programs for directors, supervisors and senior management. During the Reporting Period, as far as the Board and management are aware, there was no material breach or non-compliance by the Group with the applicable laws, rules and regulations which have a significant impact on the Group.

### **Share Capital and Sufficiency of Public Float**

Details of movements in the share capital of the Company during the Reporting Period are set out in Note V. 40 to the financial statements.

Up to the date of this report, based on publicly available information and to the knowledge of the Directors, the Company has been complying with the prescribed public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

### **Reserves**

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in Notes V. 41, 42, 43, 44, 45, 46 and 47 to the financial statements, the consolidated statement of changes in equity and the statement of changes in equity.

### **Distributable Reserves of the Company**

As at 31 December 2015, an amount of approximately RMB10,533,208,396.44 standing to the credit of the Company's reserve account is available for distribution, of which approximately RMB160,166,600 has been proposed as a final dividend for the year.



## REPORT OF THE DIRECTORS

### Directors and Supervisors

The Directors and the Supervisors of the Company who held office during the Reporting Period and up to the date of this report were as follows:

*Executive Directors:*

Jiang Deyi (*Chairman and President*)

Wu Dong (appointed on 27 November 2015)

Shi Xijun

Zhang Jianli (appointed on 12 August 2015)

Zang Feng

Li Wei Dong (appointed on 27 November 2015)

Jiang Weiping (resigned on 1 July 2015)

Wang Hongjun (resigned on 2 September 2015)

Wang Shizhong (resigned on 19 February 2016)

*Non-executive Director:*

Yu Kaijun (resigned on 27 November 2015)

*Independent non-executive Directors:*

Wang Guangjin

Tian Lihui (appointed on 27 November 2015)

Tang Jun (appointed on 27 November 2015)

Ngai Wai Fung (appointed on 27 November 2015)

Zhang Chengfu (resigned on 27 November 2015)

Xu Yongmo (resigned on 27 November 2015)

Yip Wai Ming (resigned on 27 November 2015)

*Supervisors:*

Wang Xiaojun

Li Bichi

Yu Kaijun (appointed on 27 November 2015)

Hu Juan (appointed on 27 November 2015)

Zhang Dengfeng

Zhang Yifeng

Wang Xin

Qian Xiaoqiang (resigned on 27 November 2015)

## REPORT OF THE DIRECTORS

The terms of office of the Directors and Supervisors of the third session of the Board and Supervisory Board has ended on 27 November 2015. The terms of office of the Directors and Supervisors of the current fourth session of the Board and Supervisory Committee of the Company commenced from the conclusion of the 2015 second extraordinary general meeting (“**2015 Second EGM**”) held on 27 November 2015 and will expire on the date of the annual general meeting of the Company for the year of 2017.

The Company has received an annual confirmation issued by each of the independent non-executive Directors as to his independence pursuant to Rule 3.13 of the Listing Rules. The Company confirms that all of the four independent non-executive Directors of the Company are considered as independent persons.

### **Directors’, Supervisors’ and Senior Management’s Biographies**

Biographical details of the Directors, the Supervisors and the senior management of the Group are set out on pages 8 to 17 of this Annual Report.

### **Directors’ and Supervisors’ Service Contracts**

None of the Directors or the Supervisors has entered into a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation, other than normal statutory compensation.

### **Directors’ and Supervisors’ Interests in Arrangements or Contracts**

No Director or Supervisor, either directly or indirectly, has any interests in any arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

### **Directors’ Interests in Businesses Competing with the Group**

None of the Directors has interests in any business which directly or indirectly competes or may compete with the Group.

### **Employee Retirement Plan**

Please refer to Notes III. 21 and V. 36 to the financial statements for details of the Group’s employee retirement plan.

### **Management Contracts**

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Reporting Period.

## REPORT OF THE DIRECTORS

### **Directors' and Supervisors' Remunerations**

Details of the remunerations of the Directors and the Supervisors of the Company are set out in Note XIV. 4 to the financial statements.

The remuneration of the non-independent directors will be determined by the shareholders of the Company at the annual general meetings held by the Company based on the corporate policy on directors' remuneration as well as his workload and responsibilities. The remuneration of the independent directors will be determined by the shareholders of the Company at the general meetings held for approving their appointment based on the corporate policy on directors' remuneration as well as his workload and responsibilities, of which the independent directors will receive RMB150,000 per year (before tax).

The remuneration of supervisors will be determined in general meetings held for approving their appointment, of which (i) supervisors nominated by the controlling shareholder will not receive any separate remuneration; (ii) supervisors nominated by other shareholders will receive an annual remuneration of RMB50,000 (before tax); and (iii) supervisors elected democratically by the staff and workers of the Company will not receive any separate remuneration.

### **Top Five Highest-Paid Employees**

Details of the top five highest-paid employees of the Company during the Reporting Period are set out in Note XIV. 5 to the financial statements.

### **Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares**

As at 31 December 2015, none of the Directors, the 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 Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)) (the "SFO") that was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they have taken or were deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

For this purpose, the relevant provisions of the SFO will be interpreted as if applied to the Supervisors.

## REPORT OF THE DIRECTORS

**Pre-Emptive Rights**

There is no provision regarding pre-emptive rights under the Articles of Association or in the laws of the PRC which would oblige the Company to offer new shares to its existing shareholders on a pro rata basis.

**Charitable Donations**

Charitable donations made by the Group during the Reporting Period amounted to RMB1,276,461.61 (for the year ended 31 December 2014: RMB1,108,057.91).

**Taxation for Shareholders of H Shares**

According to the Law on Enterprise Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% before distributing any dividends to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company. Any H shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations shall be deemed as shares held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the enterprise income tax. The Company will not withhold enterprise income tax in respect of the dividends payable to any natural person shareholders whose names appear on the Company's H share register of members on the relevant record date for determining the eligibility for the dividends.

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

## REPORT OF THE DIRECTORS

**Profit Distribution for Investors of Northbound Trading**

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

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

**Profit Distribution for Investors of Southbound Trading**

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

## REPORT OF THE DIRECTORS

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

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

### **Purchase, Sale or Redemption of Listed Securities of the Company**

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

### **Transactions in Respect of the Group's Own Securities**

During the Reporting Period, the Group had neither issued nor granted any convertible securities, options, warrants or other similar rights. As at 31 December 2015, the Group had no redeemable securities.

### **Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares**

So far as was known to the Directors, as at 31 December 2015, shareholders of the Company who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

## REPORT OF THE DIRECTORS

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
A Shares	BBMG Group	Beneficial owner	2,398,678,786	57.53	44.93
	Beijing State-owned Capital Operation and Management Center (Note)	Held by controlled corporation	2,398,678,786	57.53	44.93
	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (Note)	Held by controlled corporation	2,398,678,786	57.53	44.93
H Shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	142,836,934	12.21	2.68
H Shares	FMR LLC	Investment manager	118,870,042	10.17	2.23
H Shares	BlackRock Global Funds	Beneficial owner	88,092,500	7.53	1.65
H Shares	JPMorgan Chase & Co.	Beneficial owner	20,769,479	1.78	0.39
		Investment manager	24,664,500	2.11	0.46
		Custodian-corporation/approved lending agent	36,022,000	3.08	0.67
H Shares	UBS Group AG	Person having a security interest in shares	51,730,030	4.42	0.97
		Interest of corporation controlled by the substantial shareholder	23,087,143	1.97	0.43
H Shares	Sloane Robinson LLP	Investment manager	70,497,000	6.03	1.32

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.

## REPORT OF THE DIRECTORS

### Lending pool:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of Shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
H shares	JPMorgan Chase & Co.	Custodian corporation/approved lending agent	36,022,000	3.08	0.67

### Short positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of Shares held	Percentage of such shareholding in the same type of issued share capital (%)	Percentage of total issued share capital (%)
H shares	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	5,746,000	0.49	0.11
H shares	UBS Group AG	Interest of corporation controlled by the substantial shareholder	3,921,874	0.34	0.07
H shares	JPMorgan Chase & Co.	Beneficial owner	1,240,500	0.11	0.02

Save as disclosed above, as at 31 December 2015, so far as was known to the Directors, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



## REPORT OF THE DIRECTORS

**Major Customers and Suppliers**

For the Reporting Period, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year and purchase from the Group's five largest suppliers accounted for less than 30% of the total purchase for the year.

**Competition and Conflict of Interests**

None of the Directors or the management shareholders as defined under the Listing Rules of the Company or their respective associates has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interests with the Group.

**Connected Transactions and Continuing Connected Transactions**

Pursuant to Chapter 14A of the Listing Rules, the following transactions are "connected transactions" or "continuing connected transactions" under the Listing Rules and are required to be disclosed in the annual report of the Company. Details of the connected transactions between the Company and the related parties are set out in Note X "Related Party Relationships and Transactions" to the financial statements. Other than the transactions set out below, there are no other related party transactions that constitute connected transactions under the Listing Rules. The Company confirms that it has complied with the requirements of the Listing Rules in relation to the connected transactions.

**(1) Connected Transaction**

On 25 December 2015, the relocation and compensation agreement was entered into between 北京金隅混凝土有限公司 (BBMG Concrete Co., Ltd.) (a wholly-owned subsidiary of the Company) and 北京西砂資產經營有限公司 (Beijing Xisha Asset Operation Co., Ltd.) (a wholly-owned subsidiary of BBMG Group). Pursuant to the relocation and compensation agreement, BBMG Concrete Co., Ltd. agreed to, among other things, demolish and vacate the properties on the land parcel with an area of 130,112.741 square meters which is located at Tiancun Shan, Haidian District, Beijing, and spans to the current Railway No. 101 in the east, to Laoshan North Road in the south, to Shangzhuang East Road in the west and to Fushi Road in the north and Beijing Xisha Asset Operation Co., Ltd. agreed to compensate BBMG Concrete's relocation costs in the amount of approximately RMB94,930,000.

## REPORT OF THE DIRECTORS

**(2) Continuing Connected Transactions*****Provision of services to the Parent Group***

On 23 December 2014, the Company entered into a service provision framework agreement with the Parent (the “**2015 Service Provision Framework Agreement**”), pursuant to which the Group agreed to provide services such as property management, consultancy, conference services, accommodation services and other services needed for the operation of the Parent Group (including its associates) for a term commenced on 1 January 2015 and expired on 31 December 2017. As disclosed in the announcement of the Company dated 23 December 2014, the annual cap in respect of the transactions under the 2015 Service Provision Framework Agreement for the Reporting Period was RMB30,000,000 and the total actual transaction amount for the Reporting Period was approximately RMB14,217,000.

The independent non-executive Directors of the Company, Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung, have, for the purpose of Rule 14A.55 of the Listing Rules, reviewed the above continuing connected transactions and confirmed that such continuing connected transactions, for the Reporting Period, have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;
- (iii) in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (iv) in accordance with the pricing policies and guidelines as set out in the announcement of the Company dated 23 December 2014.

Ernst & Young Hua Ming LLP, the Company’s independent auditor, was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 – Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young Hua Ming LLP has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors’ letter has been provided by the Company to the Hong Kong Stock Exchange.

## REPORT OF THE DIRECTORS

**Independent Auditor**

The consolidated financial statements for the year ended 31 December 2015 of the Company have been audited by Ernst & Young Hua Ming LLP, who will retire and, being eligible, offer themselves for re-appointment. A resolution reappointing Ernst & Young Hua Ming LLP as the independent auditor of the Company will be proposed at the forthcoming 2015 AGM.

On behalf of the Board

**Jiang Deyi**

*Chairman*

Beijing, the PRC

23 March 2016

# REPORT OF THE SUPERVISORY BOARD

During the Reporting Period, the Supervisory Board exercised supervision over the Company's financial conditions, lawful operation and the performance by the Board and the management with an aim to protect the interests of both of Company and the shareholders of the Company in accordance with the Company Law of the People's Republic of China, the Articles of Association of BBMG Corporation and the Rules of Procedures of the Supervisory Board of BBMG Corporation. All Supervisors exercised due diligence and care in discharging their duties and fulfill substantially all of the objectives of the Supervisory Board for the Reporting Period.

## 1. Meetings of the Supervisory Board in 2015

During the Reporting Period, the Supervisory Board held 9 meetings in total. Details are set out as follows:

### (I) The fifteenth meeting of the third session of the Supervisory Board

The fifteenth meeting of the third session of the Supervisory Board was convened by way of communication voting on 29 January 2015 to consider and approve the resolution for partial change of the subject of implementation of the proceeds-financed project and partial change in the use of the proceeds.

### (II) The sixteenth meeting of the third session of the Supervisory Board

The sixteenth meeting of the third session of the Supervisory Board was convened on-site in Beijing on 26 March 2015. All six eligible Supervisors attended the meeting. The following resolutions were considered and approved at the meeting:

1. The resolution for considering the annual report and its summary and the annual results announcement of the Company for 2014
2. The resolution for considering the audited accounts of the Company for 2014
3. The resolution for considering the preliminary profit distribution of the Company for 2014
4. The resolution for considering the corporate social responsibility report of the Company for 2014
5. The resolution for considering the report of the Supervisory Board for 2014
6. The resolution for considering the "Special Report on the Deposit and the Actual Use of Proceeds" of the Company
7. The resolution for considering the new session of the Supervisory Board of the Company

## REPORT OF THE SUPERVISORY BOARD

**(III) The seventeenth meeting of the third session of the Supervisory Board**

The seventeenth meeting of the third session of the Supervisory Board was convened by way of communication voting on 14 April 2015 to consider and approve the resolution for considering the temporary supplement of working capital by certain idle proceeds.

**(IV) The eighteenth meeting of the third session of the Supervisory Board**

The eighteenth meeting of the third session of the Supervisory Board was convened by way of communication voting on 22 April 2015 to consider and approve the resolution for considering the first quarterly report of the Company for 2015.

**(V) The nineteenth meeting of the third session of the Supervisory Board**

The nineteenth meeting of the third session of the Supervisory Board was convened on-site in Beijing on 27 August 2015. All six eligible Supervisors attended the meeting. The following resolutions were considered and approved at the meeting:

1. The resolution for considering the interim report, summary and the interim results announcement of the Company for 2015
2. The resolution for considering the interim special report on the deposit and the actual use of proceeds of the Company for 2015

**(VI) The twentieth meeting of the third session of the Supervisory Board**

The twentieth meeting of the third session of the Supervisory Board was convened by way of communication voting on 12 October 2015 to consider and approve the following resolutions:

1. The resolution for considering the new session of the Supervisory Board of the Company
2. The resolution for considering the remuneration of the Supervisors of the Company
3. The resolution for considering the amendments to the Articles of Association of the Company

## REPORT OF THE SUPERVISORY BOARD

**(VII) The twenty-first meeting of the third session of the Supervisory Board**

The twenty-first meeting of the third session of the Supervisory Board was convened on-site in Beijing on 29 October 2015. All six eligible Supervisors attended the meeting. At the meeting, the resolution for considering the third quarterly report of the Company for 2015 was considered and approved.

**(VIII) The first meeting of the fourth session of the Supervisory Board**

The first meeting of the fourth session of the Supervisory Board was convened on-site in Beijing on 27 November 2015. All seven eligible Supervisors attended the meeting. At the meeting, the resolution for considering the election of the chairman of Supervisor was considered and approved, and Mr. Wang Xiaojun was elected to serve as the chairman of the fourth session of the Supervisory Board of the Company.

**(IX) The second meeting of the fourth session of the Supervisory Board**

The second meeting of the fourth session of the Supervisory Board was convened by way of communication voting on 25 December 2015 to consider and approve the following resolutions:

1. The resolution for considering the replacement of prepaid self-financing funds for the proceeds-financed project with proceeds
2. The resolution for considering the temporary supplement of working capital by certain idle proceeds

**2. Attendance of Members of the Supervisory Board at General Meetings and their In-attendance at Board Meetings in 2015**

During the Reporting Period, members of the Supervisory Board attended three shareholders' general meetings of the Company, and were in attendance at fifteen Board meetings of the Company, and reviewed the resolutions proposed during the meetings. The Supervisors exercised their supervision over the meetings' compliance, voting procedures, major decision-making processes of the Company and the performance of duties by the members of the Board and the senior management by attending relevant meetings.

## REPORT OF THE SUPERVISORY BOARD

**3. Opinion of the Supervisory Board on Certain Issues of the Company for the Year 2015**

During the Reporting Period, the Supervisory Board exercised its supervision over the standardized operation, compliance with laws and regulations, major decision-making and the performance of duties by members of the Board and the senior management of the Company by convening meetings of the Supervisory Board, attending shareholders' general meetings, attending relevant meetings such as Board meetings and conducting specific independent inspections, and expressed independent opinions on the relevant issues.

**(I) Opinion on standardized operation and performance of duties by the Directors and senior management**

Pursuant to the laws and regulations of the jurisdiction(s) where the shares of the Company are listed, the Supervisory Board had duly overseen and examined the convening procedures and resolutions of the Board meetings of the Company, implementation by the Board of the resolutions of the shareholders' general meetings, the performance of duties by the senior management of the Company under relevant laws and the establishment and implementation of a mature internal management system of the Company in 2015. With respect to the business operations of the Company and the performance of duties by the Directors and the senior management, the Supervisory Board was not aware of any violation of laws, regulations, the Articles of Association and relevant protocols, rules of procedures, nor any power being abused or infringement of the interests of the shareholders of the Company and the legitimate rights of the employees.

**(II) Opinion on financial position of the Company**

During the Reporting Period, the Supervisory Board had duly supervised and inspected the financial system and financial position of the Company, and carefully considered the financial information of the Company as contained in the Audited Accounts of the Company for 2014, Preliminary Profit Distribution Plan for 2014, the financial reports included in the regular reports (定期報告) in 2014 and the interim report for 2015, and is of the opinion that the Company's financial information gives a true, fair and complete view of its financial conditions and operating performance.

## REPORT OF THE SUPERVISORY BOARD

**(III) Opinion on regular reports of the Company**

During the Reporting Period, the Supervisory Board exercised supervision over the preparation, review and disclosure procedures of the Company's regular reports disclosed in 2015, and is of the opinion that such procedures are in compliance with laws and regulations, regulatory requirements, the Articles of Association and the internal management system of the Company. The content and format of the regular reports are in line with all provisions of the regulatory authorities and the information contained therein gives a true, accurate and complete view of the business activities of the Company during each of the Reporting Period in 2014 and 2015. No violation of the regulations regarding confidentiality, information disclosure and other aspects by personnel involved in preparation, review and disclosure of the regular reports has been found.

**(IV) Opinion on transactions including acquisition or disposal of assets, external investment and guarantees of the Company**

With respect to transactions including acquisition or disposal of assets, external investment and guarantees of the Company during the Reporting Period, the Supervisory Board is not aware of any violation of laws and regulations, regulatory requirements, the Articles of Association and the internal management system of the Company or any other insider trading or any matters that are detrimental to the interests of the shareholders of the Company or may cause any loss to the Company's assets.

**(V) Opinion on connected transactions of the Company**

The Supervisory Board is of the opinion that the connected transactions were conducted by the Company during the Reporting Period in strict compliance with laws and regulations, regulatory requirements, the Articles of Association and other provisions, with approving procedures in compliance with laws and regulations, on a fair and reasonable basis and free of any behaviour in prejudice to the interests of the Company and its shareholders.

**(VI) Opinion on corporate social responsibility report**

During the Reporting Period, the Supervisory Board reviewed the Company's corporate social responsibility report for 2014, and is of the opinion that the report gives an objective and practical view of the performance of corporate social responsibilities of the Company during the year.



## REPORT OF THE SUPERVISORY BOARD

### **4. Work Plan of the Supervisory Board for 2016**

In 2016, the Supervisory Board will continue to discharge its duties diligently in compliance with the relevant requirements under applicable laws and regulations including the Company Law, the Articles of Association and the Rules of Procedures of the Supervisory Board of the Company, thereby protecting the legitimate rights and interests of the Company and its shareholders as a whole.

#### **(I) Duly discharging duties under the laws and regulations**

In 2016, the Supervisory Board will exercise supervision over standardized operations and the performance of duties by the Directors and the senior management of the Company in strict compliance with the Company Law, the Articles of Association and relevant requirements. Firstly, it will procure the Company to further improve its corporate governance structure and governance practices according to the requirements of the modern enterprise systems. Secondly, it will continue to strengthen its supervisory functions by attending the general meetings and the Board meetings under the laws to keep informed of the Company's major decisions and the legitimacy of decision-making processes to better protect the rights and interests of the shareholders of the Company. Thirdly, it will implement the Rules of Procedures of the Supervisory Board and convene meetings of the Supervisory Board on a regular basis.

#### **(II) Strengthening supervision and inspections to avoid operational risks**

Firstly, it will focus on financial control to carry out supervision and inspections on the financial affairs of the Company. Secondly, it will prioritize its supervision and inspections on the Company's significant events including major investment, asset disposal, merger and acquisition and connected transactions, so as to effectively avoid operational risks. Thirdly, it will follow up the establishment and implementation of the internal control system of the Company to ensure its effectiveness. Fourthly, it will maintain communications with the internal audit function and external auditors of the Company, taking full use of internal and external audit information to keep abreast of the updates.

## REPORT OF THE SUPERVISORY BOARD

- (III) **Enhancing communications of the Board and the management to facilitate rational and scientific decisions and management of the Company; enhancing communications with the staff to advance the Company's democratic management and harmonious development.**
  
- (IV) **Uplifting professional capabilities through self-improvements to better perform the supervisory duties of the Supervisory Board.**

**Wang Xiaojun**

*Chairman of the Supervisory Board*

Beijing, the PRC

23 March 2016

# INVESTOR RELATIONS REPORT

## Overview

The Group strongly believes that effective and close communications with the shareholders of the Company is the key to good corporate governance and investor relations are an integral part of maintaining good corporate governance of a listed company. 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, accurate and transparent information disclosure and facilitating two-way communication between investors and the Group. 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 Reporting Period, the Group actively participated in various investor relations activities and provided on-time information to investors through the company website. In addition, the Group has also demonstrated a high level of compliance with the Listing Rules and relevant requirements under the Hong Kong Stock Exchange during the Reporting Period.

## Investor Relations Review

### 1. Meetings with Investors

The Group endeavors to continue to actively participate in roadshows and presentations organized by sizable and major investment banks after the results announcement in major international financial markets in Hong Kong and overseas. The roadshows were proved to be an excellent opportunity and platform to convey a clear message to the investors about the Group's latest operational and financial performances and business prospect for the investors' deeper and clearer understanding of the Group.

During the Reporting Period, 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 arranged meetings of various forms with more than one thousand analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group. Constructive suggestions and feedbacks collected from the investors and analysts will be addressed carefully by the management.

## INVESTOR RELATIONS REPORT

**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 Company 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. During the Reporting Period, sell side research reports have been issued by several prominent research institutions to cover the operation of the Company. The Group also believes that the shareholders' general meetings is an important channel for communication with its shareholders and Investors and encourages an open dialogue between its shareholders and the directors and/or senior management of the Company.

**3. Results Announcement**

The Group had prepared detailed results reports and presentation materials upon finalization of interim and annual results of the Group. Investors' presentations, press conferences and teleconferences 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 the A shares listing, 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. The Group regularly updated the contents of the company's website ([www.bbm.com.cn/listco](http://www.bbm.com.cn/listco)), disseminated the latest corporate updates, developments and disclosed 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 responded to different enquiries made by the shareholders of the Company, investors, analysts and media by means of email, facsimile and telephone; and published announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

## INVESTOR RELATIONS REPORT

## Prospects

The foundation of investor relations is based on the seamless integration of advanced public communication strategies and the dedicated involvement by the senior management of the Group. In the coming year, the Group will continue to maintain highly transparent and effective corporate governance practices and is endeavored to maintain timely and accurate information dissemination and quality disclosure in order to strengthen the relationship with investors.

The Group also welcomes constructive recommendation and feedback from the investment community. With the invaluable support from the investors and the public, we are committed to providing the best investor relations service and continuously improving the quality and transparency of public disclosure so as to maximize the return to the shareholders of the Company.

## Investor Information

### 1 Share Particulars

#### *H Shares*

Listing date	29 July 2009
Board lot	500 shares
Number of issued H shares	1,169,382,435 shares (as at 31 December 2015 and 23 March 2016)
Stock code	02009.HK

#### *A Shares*

Listing date	1 March 2011
Board lot	100 shares
Number of issued A shares	4,169,503,132 shares (as at 31 December 2015 and 23 March 2016)
Stock code	601992.SH

## INVESTOR RELATIONS REPORT

- 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       |
| 2015 third quarterly results announcement                             | published on 29 October 2015      |
| 2015 annual results announcement                                      | published on 23 March 2016        |
| Closure of register of H shares members<br>for attending the 2014 AGM | from 28 April 2015 to 27 May 2015 |
| 2014 AGM  | 27 May 2015                       |
| Closure of register of H shares members<br>for attending the 2015 AGM | from 19 April 2016 to 18 May 2016 |
| 2015 AGM  | 18 May 2016                       |
| Financial year end  | 31 December                       |
- 3 Dividends
- |  |                                 |
|--|---------------------------------|
| 2014 final dividend  | RMB0.050 per share              |
| Closure of register of H shares members<br>for 2014 final dividend | from 4 June 2015 to 8 June 2015 |
| 2014 H shares final dividend payment date                          | 27 July 2015                    |
| Proposed 2015 final dividend                                       | RMB0.03 per share               |
| Closure of register of H shares members<br>for 2015 final dividend | from 26 May 2016 to 31 May 2016 |
| 2015 H shares final dividend payment date                          | 18 July 2016                    |

For any queries, please contact:

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**BBMG**



# CORPORATE GOVERNANCE REPORT





## CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2015.

## 1 Commitment to Corporate Governance

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

During the Reporting Period, the Company had applied the laws and regulations of the places where it operated its business as well as the regulations and guidelines stipulated by regulatory authorities such as the China Securities Regulatory Commission, the Hong Kong Securities and Futures Commission, the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company had applied the principles and complied with all the code provisions of the Corporate Governance Code (the "CG Code"), as amended from time to time, set out in Appendix 14 to the Listing Rules during the year ended 31 December 2015 and adopted as its own code of corporate governance practices. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

In addition to the existing internal protocols and guidelines to ensure accurate and timely information disclosure in accordance with the requirements under the Listing Rules, in contemplating the listing of the A shares in 2011, the Board has further formulated additional rules of procedures to comply with the relevant requirements under the PRC laws and regulations. The Company has adopted: Continuing Connected Transactions Practical Guidelines (關連交易實施細則); System on Managing Investor Relationship (投資者關係管理制度); System on Managing Insiders and External Information (內幕資訊知情人和外部資訊使用人管理制度); Management Protocol on Information Disclosures (信息披露管理辦法); System on Managing Use of Proceeds (募集資金使用與管理制度); Securities Dealing Code for Management (管理層證券交易守則); Management Protocol on Related Party Transactions (關聯交易管理辦法); System on Managing External Guarantee (對外擔保管理制度); Management Protocol on External Investment (對外投資管理辦法); Working Guidelines for President (總經理工作細則); System on Internal Reporting on Material Information (重大資訊內部報告制度); System on Managing Fund Flow To And From Related Parties (與關聯方資金往來管理制度); Rules of Procedure for the Remuneration and Nomination Committee (薪

## CORPORATE GOVERNANCE REPORT

酬與提名委員會議事規則); Rules of Procedure for the Meetings of the Board (董事會議事規則); Working System of Independent Directors (獨立董事工作制度); Rules of Procedure for General Meetings (股東大會議事規則); Rules of Procedure for the Strategic Committee (戰略與投融資委員會議事規則); Rules of Procedure for the Audit Committee (審計委員會議事規則); Rules of Procedure for the Supervisory Board (監事會議事規則); Guidelines on Identifying Connected Parties (關連人士確認細則); Working Guidelines for Board Secretary (董事會秘書工作細則); and Protocol on Internal Control Evaluation (內控評價辦法).

The Company will continue to adopt measures to refine its corporate governance structures, improve its corporate governance and enhance its corporate governance standards in light of the actual circumstances of the Company. In addition, the Company will closely study the development of corporate governance practices among the leading public companies and the requirements of the investing community continuously. The Company will also review and strengthen the corporate governance procedures and practices from time to time so as to ensure the long-term sustainable development of the Company.

## 2 The Board

### Duties and Functions of the Board

The Board is responsible for leading and monitoring the Company's affairs. The Board oversees the strategic development of the Company and determines the objectives, strategies and policies of the Company. The Board also monitors and controls the operating and financial performance in pursuit of the strategic development of the Company. All Directors are liable to act in the best interests of the Company and collectively assume the responsibility for overseeing and monitoring the Company's affairs so as to ensure the success of the Company through achievement of the adopted business plans by the Board to enhance the value for the shareholders of the Company. The Board makes regular assessment on the management's business prospects and results as well as exercises other power and makes decisions objectively in the interests of the Company, including the approval and monitoring of key policy matters, overall strategies, business plans (inclusive of annual budgets), internal control and risk management systems, material transactions such as acquisitions, investments, divestments, disposal of assets (in particular those which may involve conflicts of interest), major and significant capital expenditures, appointment of Directors, recommendation to shareholders of the Company on final dividend and the declaration of any interim dividends and other significant financial and operational matters.

## CORPORATE GOVERNANCE REPORT

The Directors are responsible for the preparation of the accounts of each financial period with a view to giving a true and fair view of the state of affairs of the Group and of the financial position, results and cash flows for that period. Since October 2010, in compliance with the relevant rules and regulations for information disclosure, the Group has been releasing quarterly financial results. Starting in January 2012, the Group commenced the disclosure of preliminary annual major operational data and financial information to enable the investment public to have an advance overview and assessment of the Group's business operations. Regular management reports on the financial position and prospects of each business unit of the Group are reviewed by the senior management to enable the Board to make an informed assessment of the performance of the Group.

According to the Working Guidelines for President (總經理工作細則), all routine operations are delegated to the president of the Company. The day-to-day management, administration and operation of the Company are delegated to the management team under the supervision of the executive Directors. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters.

All Directors have full and timely access to appropriate business documents and all relevant information about the Group on a timely basis as well as the advice and services of the Board secretary and the company secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. When needed and upon making request to the Board, all Directors and Board committees may have recourse to external legal counsel and other independent professionals for advice at the Company's expense in carrying out their functions.

The management team has an obligation to supply to the Board and its committees adequate, complete and reliable information in a timely manner to enable them to make informed decisions. Each Director has separate and independent access to the management team.

## CORPORATE GOVERNANCE REPORT

**Composition**

As at the end of the Reporting Period, the Board comprised seven executive Directors, and four independent non-executive Directors:

***Executive Directors:***

Jiang Deyi	Chairman of the Board, President of the Company and Chairman of the Strategic Committee
Wu Dong	Member of the Remuneration and Nomination Committee
Shi Xijun	Member of the Audit Committee
Zhang Jianli	Member of the Audit Committee
Zang Feng	Member of the Remuneration and Nomination Committee
Li Weidong	Member of the Strategic Committee
Wang Shizhong	Member of the Strategic Committee (resigned on 19 February 2016)

***Independent non-executive Directors:***

Wang Guangjin	Chairman of the Remuneration and Nomination Committee and members of the Audit Committee and Strategic Committee
Tian Lihui	Chairman of the Audit Committee and members of the Remuneration and Nomination Committee and Strategic Committee
Tang Jun	Members of the Remuneration and Nomination Committee, Audit Committee and Strategic Committee
Ngai Wai Fung	Members of the Remuneration and Nomination Committee, Audit Committee and Strategic Committee

The biographical details of each Director are disclosed on pages 8 to 13 of this Annual Report. All Directors shall report to the Board in respect of the number and nature of any office assumed by them in other companies or institutions and the term of office, as well as disclose to the Company names of such companies or institutions. If the Board considers a Director has a conflict of interest in any proposal under consideration, such Director shall declare his interests and abstain from voting and may, when necessary, apply for absence. The Board requires the Directors to confirm whether there is any connected transaction between the Directors or their respective associates and the Company or its subsidiaries during each reporting period. Any material transactions relating to connected persons, which have been confirmed, will be disclosed in accordance with the Listing Rules and in the notes to the financial statements of the annual report.

## CORPORATE GOVERNANCE REPORT

The independent non-executive Directors of the Company possess wide professional expertise and experience, and can fully perform their important functions of supervision and to protect and balance the interests of the Company and its Shareholders as a whole. The Board considers that the independent non-executive Directors are able to make independent judgment effectively and satisfy the guideline on assessing independence set out in Rule 3.13 of the Listing Rules and has received written annual confirmations from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules.

The Company complies with the requirement concerning the appointment of sufficient independent non-executive Directors and that at least one of them possesses appropriate professional qualification or accounting or relevant financial expertise set out in Rules 3.10(1) and 3.10(2) of the Listing Rules. The Company has made appropriate arrangement to insure against the possible legal action that the Directors and senior management may be involved. The Board reviews annually on the insurance arrangement.

The independent non-executive Directors advise the Company on strategic and significant matters. The Board considers that each independent non-executive Director brings his own level of experience and expertise to the effective functioning of the Board. The Board seeks the development of an effective working environment for the executive and independent non-executive Directors so as to improve the quality of the decisions made by the Board without constraining the independent views of the independent non-executive Directors. Regular Board meetings were held during the year with open discussion between the executive Directors and the independent non-executive Directors so as to enhance mutual understanding and effective working relationships.

Save as disclosed herein, to the best of knowledge of the Directors, there is no relationship (including financial, business, family or other material relevant relationship) among members of the Board.

### **Board Diversity**

With a view to achieving a sustainable and balanced development, the Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development and has formulated the board diversity policy. The Remuneration and Nomination Committee regularly reviews the structure, number of members and composition (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board in support of the Company's strategy.

## CORPORATE GOVERNANCE REPORT

The Remuneration and Nomination Committee reviews and implements the board diversity policy as and when appropriate, and proposes any recommended revisions as and when necessary to the Board for consideration and approval so as to ensure the effectiveness of the policy. The Company will make proper information disclosure on board composition (including gender, ethnicity, age and length of service) according to laws and regulations and listing rules.

**The Chairman and the Chief Executive Officer**

For the year ended 31 December 2015, the Company has reviewed its corporate governance documents and is of the view that the Company had fully complied with the code provisions of the CG Code set out in the Appendix 14 to the Listing Rules other than Code A.2.1, which requires that the roles of chairman and chief executive officer should be two separate roles and should not be performed by the same individual. Since 1 July 2015, Jiang Deyi serves as the Chairman as well as the President of the Company. Despite such deviation, the directors believe that vesting such roles in Jiang Deyi will allow for more effective planning and execution of business strategies of the Company. As all major decisions are made in consultation with other members of the Board, the Company believes that there is adequate balance of power and authority in place.

The primary role of the Chairman is to lead the Board and to ensure that it works effectively in discharging its responsibilities by setting the overall strategy and making major development decisions of the Company and monitoring their implementation and ensuring the creation of value for Shareholders. He takes part in cultivating and maintaining good relationships with strategic associates of the Company and creating a favourable environment for the development of the Company's core businesses.

The President, who also act as the chief executive officer of the Company, is responsible for the day-to-day operation and management of the Company's business, formulating different business and financial targets and management rules, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board, including the building of a strong corporate culture within the Company.

**Terms of Office of Directors, Supervisors and Senior Management**

The terms of office of the Directors and Supervisors of the third session of the Board and Supervisory Board has ended on 27 November 2015. The terms of office of the Directors and Supervisors of the current fourth session of the Board and Supervisory Committee of the Company commenced from the conclusion of the 2015 Second EGM and will expire on the date of the annual general meeting of the Company for the year of 2017.

### Company Secretary

All Directors are entitled to the company secretary's services. The company secretary reports and notifies the Board the latest information on corporate governance and oversight on a regular basis, assists the Chairman in preparation of the agenda, and prepares and despatches meeting documents in a timely and comprehensive manner so as to ensure the efficiency and validity of the Board meetings. With the assistance of the Company's legal advisers, the company secretary is in charge of arranging the publication of annual, interim and quarterly reports and disclosure of information and data in accordance with the Listing Rules and the relevant rules and guidelines of the Company and ensure the Company's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Company Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations. The company secretary makes timely and regular enquiries with the Company's finance department in accordance with the Company's protocols and guidelines such as the Continuing Connected Transactions Practical Guidelines (關連交易實施細則), Management Protocol on Related Party Transactions (關聯交易管理辦法) and Guidelines on Identifying Connected Parties (關連人士確認細則) for information on connected transactions to secure the full compliance with the Listing Rules in respect of such transactions.

The company secretary is also in charge of preparing and keeping written resolutions and/or minutes of meetings of the Board and the Board committees together with any relevant documents. All matters under consideration including any enquiry and objection by Directors will be minuted in details. Within a reasonable time frame upon closing a meeting, draft minutes will be despatched to all Directors for their comments and final written resolutions and minutes will be sent to all Directors for their records.

According to Rule 3.29 of the Listing Rules, the company secretary had taken no less than 15 hours of relevant professional training during the Reporting Period.

## CORPORATE GOVERNANCE REPORT

**Board Meetings**

The Chairman is responsible for convening and holding the Board meetings. Assisted by the Board secretary and the company secretary, the Chairman tries to ensure all Directors have proper access to accurate, timely and sufficient data on the proposals to be considered by the Board to enable them to reach their final decisions at the relevant Board meeting. While a not less than fourteen days' notice of a regular Board meeting is given, the agenda of meeting and the meeting documents enclosed are circulated at least three days prior to the holding of a Board meeting or a meeting of any Board committee.

The Chairman encourages the Directors to be fully engaged in the Board's affairs and make contributions to the functions of the Board. The Board has adopted comprehensive and sound corporate governance practices and procedures and encourages an open and frank communication among all Board members so as to ensure enquiries raised by the Board members are addressed efficiently and effectively by the appropriate personnel of the Company.

It is expressly provided in the Rules of Procedure for the Meetings of the Board (董事會議事規則) that, in the event that a substantial shareholder or a Director of the Company has a conflict of interests in the matter to be considered at the Board meeting, such matter shall not be dealt with by Board committees or by way of circulation. Any Director who has a conflict of interests in the matters to be considered shall abstain from voting.

The Board held four regular Board meetings during the Reporting Period to review the financial performance of the Group. Between these regular meetings, the Board also met to discuss and consider major issues (whether or not required by the Listing Rules) and also on other occasions when Board decisions are required. With respect to regular meetings of the Board, Directors were given a formal written notice of the meeting and an agenda with supporting Board papers to the meeting in accordance with the Listing Rules and the CG Code. With respect to other meetings called, Directors were given as much notice as is reasonable and practicable in the circumstances. During the Reporting Period, the Board also convened the 2014 AGM, the 2015 First EGM and the 2015 Second EGM. The number of meetings and attendance details of each Director during the Reporting Period are set out in the table below:



## CORPORATE GOVERNANCE REPORT

Name of Directors	Number of attendance/ Number of meetings entitled to attend			
	Board	2014	2015	2015
	meetings	AGM	First EGM	Second EGM
<i>Executive Directors</i>				
Jiang Deyi ( <i>Chairman and President</i> )	15/15	1/1	1/1	1/1
Wu Dong (appointed on 27 November 2015)	2/2	0/0	0/0	0/0
Shi Xijun	15/15	1/1	1/1	1/1
Zhang Jianli (appointed on 12 August 2015)	7/7	0/0	0/0	1/1
Zang Feng	15/15	1/1	1/1	1/1
Li Weidong (appointed on 27 November 2015)	2/2	0/0	0/0	0/0
Jiang Weiping (former Chairman, resigned on 1 July 2015)	6/6	1/1	0/0	0/0
Wang Hongjun (resigned on 2 September 2015)	10/10	1/1	1/1	0/0
Wang Shizhong (resigned on 19 February 2016)	15/15	1/1	1/1	1/1
<i>Non-executive Directors</i>				
Yu Kaijun (resigned on 27 November 2015)	13/13	1/1	1/1	1/1
<i>Independent non-executive Directors</i>				
Wang Guangjin	15/15	1/1	1/1	1/1
Tian Lihui (appointed on 27 November 2015)	2/2	0/0	0/0	0/0
Tang Jun (appointed on 27 November 2015)	2/2	0/0	0/0	0/0
Ngai Wai Fung (appointed on 27 November 2015)	2/2	0/0	0/0	0/0
Zhang Chengfu (resigned on 27 November 2015)	13/13	1/1	1/1	1/1
Xu Yongmo (resigned on 27 November 2015)	13/13	1/1	1/1	1/1
Yip Wai Ming (resigned on 27 November 2015)	13/13	1/1	1/1	1/1

## CORPORATE GOVERNANCE REPORT

### **Directors' Induction and Continuous Professional Development**

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior management to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Companies law and corporate governance practices organized by professional bodies, independent auditors and/or chambers in Hong Kong and China so that they can continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written materials to develop and refresh their professional skills. The Company also organises and arranges training sessions on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the Reporting Period, the Company regularly provided the Directors and senior management with materials on corporate governance, the Listing Rules and relevant updates on laws, rules and regulations.

## CORPORATE GOVERNANCE REPORT

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the Reporting Period:

Name of Directors	Types of training
<i>Executive Directors</i>	
Jiang Deyi ( <i>Chairman and President</i> )	A + B + C
Wu Dong (appointed on 27 November 2015)	A + C
Shi Xijun	A + C
Zhang Jianli (appointed on 12 August 2015)	A + C
Zang Feng	A + C
Li Weidong (appointed on 27 November 2015)	A + C
Jiang Weiping (former Chairman, resigned on 1 July 2015)	A + B + C
Wang Hongjun (resigned on 2 September 2015)	A + C
Wang Shizhong (resigned on 19 February 2016)	A + C
<i>Non-executive Directors</i>	
Yu Kaijun (resigned on 27 November 2015)	A + C
<i>Independent non-executive Directors</i>	
Wang Guangjin	A + B + C
Tian Lihui (appointed on 27 November 2015)	A + B + C
Tang Jun (appointed on 27 November 2015)	A + B + C
Ngai Wai Fung (appointed on 27 November 2015)	A + B + C
Zhang Chengfu (resigned on 27 November 2015)	A + B + C
Xu Yongmo (resigned on 27 November 2015)	A + B + C
Yip Wai Ming (resigned on 27 November 2015)	A + C

- A: attending seminars, conferences and/or forums
- B: giving talks at seminars, conferences and/or forums
- C: reading newspapers, journals and updates relating to the economy, general business, building materials, property development or director's duties and responsibilities, etc.

## CORPORATE GOVERNANCE REPORT

All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

### Board Committees

There are three Board committees under the Board, namely, the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee, established to administer certain specified functions of the Company's affairs. Their terms of reference which set out, among other things, the duties, functions and composition of these committees are determined in accordance with the principles set out in the CG Code and are available on the Company's website. The Board committees report to the Board. In order to perform their duties, the Board committees have the authority to appoint legal advisors, accountants or other professionals to provide professional advice if necessary, at the Company's expenses.

### Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee assumes the responsibilities for reviewing the Company's financial reports, the internal control and corporate governance work and provision of relevant advices to the Board. As at 31 December 2015, the Audit Committee comprised of two executive Directors, namely Shi Xijun and Zhang Jianli and four independent non-executive Directors, namely Tian Lihui (Chairman), Wang Guangjin, Tang Jun and Ngai Wai Fung.

The major functions and roles of the Audit Committee are:

- To review the financial statements of the Company;
- To consider and make recommendation to the Board on the appointment, re-appointment and removal of external auditors;
- To review and opine on the connected transactions and continuing connected transactions of the Group;
- To review the accounting policies adopted by the Group and their implementation;
- To oversee the engagement of external auditors and their independence;
- To review and monitor the effectiveness of the internal audit function;

## CORPORATE GOVERNANCE REPORT

- To oversee the effective implementation of the internal control system and the self-evaluation of internal control;
- To oversee and examine the operation of the Company and make proposals to the Board;
- To control and carry out day-to-day management of the connected transactions and continuing connected transactions of the Company; and
- To inspect and review the corporate governance of the Company.

During the Reporting Period, the Audit Committee convened six meetings. The senior management and external auditors were invited to attend these meetings.

The attendance details of the Audit Committee members during the Reporting Period are as follows:

<b>Name of Directors</b>	<b>Number of attendance/ Number of meetings entitled to attend</b>
<i>Executive Directors</i>	
Shi Xijun (appointed as member on 27 November 2015)	1/1
Zhang Jianli (appointed as member on 27 November 2015)	1/1
<i>Non-executive Directors</i>	
Yu Kaijun (resigned as member on 27 November 2015)	5/5
<i>Independent non-executive Directors</i>	
Wang Guangjin	6/6
Tian Lihui (appointed as Chairman of the Audit Committee on 27 November 2015)	1/1
Tang Jun (appointed as member on 27 November 2015)	1/1
Ngai Wai Fung (appointed as member on 27 November 2015)	1/1
Zhang Chengfu (former Audit Committee Chairman, resigned on 27 November 2015)	5/5
Xu Yongmo (resigned as member on 27 November 2015)	5/5
Yip Wai Ming (resigned as member on 27 November 2015)	5/5

## CORPORATE GOVERNANCE REPORT

The major work of the Audit Committee during the Reporting Period included:

- review of the external auditors' report in respect of the audited financial statements, annual report and results announcement for the year ended 31 December 2014;
- the proposed appointment of Ernst & Young Hua Ming LLP as the Company's independent auditor for the year ended 31 December 2015;
- review of the 2015 interim report and interim results announcement;
- review of the 2015 first quarter and third quarter results reports;
- review of the internal control system of the Group with the discussion of the internal auditors;
- review of the internal control report;
- review of the Company's audit planning report prepared by Ernst & Young Hua Ming LLP for the year ended 31 December 2014;
- review of the connected transactions and continuing connected transactions of the Group;
- review of the 2015 Proposed Placing;
- review of the report on use of proceeds from 2013 Proposed Placing and 2015 Proposed Placing; and
- review of the formation of the independent board committee.

## CORPORATE GOVERNANCE REPORT

This Annual Report and annual results announcement of the Company for the Reporting Period have been reviewed by the Audit Committee during the meeting convened on 22 March 2016.

The most updated rules of procedures of the Audit Committee are posted on the websites of the Company and the Hong Kong Stock Exchange.

### **Remuneration and Nomination Committee**

The Company established the Remuneration and Nomination Committee with written terms of reference in compliance with the CG Code. The main responsibilities of the committee are (i) to review and consider the remuneration policies and structure of the Directors and senior management and make relevant proposals to the Board; (ii) to review and approve the performance-based remuneration by reference to the objectives of the Group (as adopted from time to time by the Board); (iii) to submit the remuneration plan proposed by the committee for the Directors to the general meeting for consideration and approval after being approved by the Board before its implementation; (iv) to submit the remuneration distribution plan for the senior management personnel to the Board for approval; (v) to nominate candidates as Directors and senior management; and (vi) to examine nominations for Directors and senior management and to make recommendations to the Board for appointments. The candidates of Directors are selected and recommended based on their working experience, professional expertise and commitment. The recommendations of the Nomination and Remuneration Committee are then put forward for consideration by the Board. As at 31 December 2015, the Remuneration and Nomination Committee consisted of six members, two of whom are executive Directors, namely Wu Dong and Zang Feng, together with four independent non-executive Directors, namely, Wang Guangjin (serving as chairman of the committee), Tian Lihui, Tang Jun and Ngai Wai Fung.

During the Reporting Period, the Remuneration and Nomination Committee convened six meetings. Key resolutions considered and approved at the meetings were:

- a. The resolution of determining the remuneration of executive Directors of the Board and the senior management of the Company by the Remuneration and Nomination Committee;
- b. The proposals to the Board on 2014 performance-based remuneration plan for the Company's senior management and 2014 remuneration plan;

## CORPORATE GOVERNANCE REPORT

- c. The consideration and review on (i) the proposed appointment of the fourth session of the board of directors of the Company and senior management and (ii) the composition of the Remuneration and Nomination Committee and Strategic Committee; and
- d. Reviewing the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy.

The attendance details of the Remuneration and Nomination Committee members during the Reporting Period are as follows:

Name of Directors	Number of attendance/ Number of meetings entitled to attend
<i>Executive Directors</i>	
Wu Dong (appointed as member on 27 November 2015)	1/1
Zang Feng (appointed as member on 27 November 2015)	1/1
Shi Xijun (resigned as member on 27 November 2015)	5/5
<i>Non-executive Directors</i>	
Yu Kaijun (resigned as member on 27 November 2015)	5/5
<i>Independent non-executive Directors</i>	
Wang Guangjin (appointed as Chairman of the Remuneration and Nomination Committee on 27 November 2015)	6/6
Tian Lihui (appointed as Chairman of the Audit Committee on 27 November 2015)	1/1
Tang Jun (appointed as member on 27 November 2015)	1/1
Ngai Wai Fung (appointed as member on 27 November 2015)	1/1
Zhang Chengfu (resigned as member on 27 November 2015)	5/5
Xu Yongmo (former Chairman of the Remuneration and Nomination Committee, resigned on 27 November 2015)	5/5



## CORPORATE GOVERNANCE REPORT

As at the date of this Annual Report, the Remuneration and Nomination Committee had reviewed the remuneration packages in respect of the Directors and members of senior management of the Company for the Reporting Period as disclosed and considered that their respective remuneration packages were in line with the relevant requirements of the remuneration policy of the Company and were consistent with the annual performance appraisal results.

The most updated rules of procedures of the Remuneration and Nomination Committee are posted on the websites of the Company and the Hong Kong Stock Exchange.

The biographical details of senior management are disclosed on pages 15 to 17 of this Annual Report.

### **Strategic Committee**

The Company established the Strategic Committee whose primary duties are to formulate the overall development plans and investment decision-making procedures of the Group. As at 31 December 2015, the Strategic Committee consisted of seven members, three of whom are executive Directors, namely Jiang Deyi, Li Weidong and Wang Shizhong (resigned on 19 February 2016), with Jiang Deyi serving as its Chairman, together with four independent non-executive Directors, namely, Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.

During the Reporting Period, the Strategic Committee convened one meeting with an attendance rate of 100% to review the investment and financing proposals of the Company for 2015.

## CORPORATE GOVERNANCE REPORT

### 3 Statement of Financial Responsibility of the Board

It is the responsibility of the Board for presenting a balanced, clear and understandable assessment in respect of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for (i) the preparation of the Company's financial statements; (ii) the completeness and legitimacy of the financial data; and (iii) the efficiency of the Company's internal control system and risk management process for the year ended 31 December 2015.

Management team shall provide such explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. The Directors are responsible for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2015, the Directors have:

- consistently applied appropriate accounting policies;
- made judgments and estimates that are prudent and reasonable; and
- prepared the accounts on the going concern basis.

The quarterly, interim and annual results of the Company are announced in a timely manner within the relevant limits of the Listing Rules after the end of the relevant reporting period.

The Company has received a statement by the independent auditors of the Company about their reporting responsibilities. The statement of the independent auditors of the Company on its reporting responsibilities on the financial statements is set out in the "Auditors' Report" on pages 120 to 122 of this Annual Report.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

#### **4 Directors' and Supervisors' Securities Transactions**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules and the Securities Dealing Code for Management (管理層證券交易守則) as the Company's code of conduct and rules to govern dealings by all Directors in the securities of the Company. The Model Code is also applicable to the Supervisors, specific employees and/or senior management of the Group who may have certain inside information that has not been disclosed. The Model Code is sent four times a year, namely, no less than 30 days prior to the Board meeting to approve the Company's interim and quarterly results and no less than 60 days prior to the Board meeting to approve the Company's annual results, together with an indicative notice, to remind the Directors, the Supervisors and the specific employees who may have certain price sensitive information that they may not deal in the Shares until the publication of the results announcement.

The Company has also adopted the System on Managing Insides and External information (內幕資訊知情人和外部資使用人管理制度) and Securities Dealing Code for Management (管理層證券交易守則) for controlling and monitoring the relevant employees who are likely to be in possession of unpublished price-sensitive information in relation to the Group or its securities.

All Directors confirmed that as at 31 December 2015, none of the Directors, the Supervisors and the specific employees who may have certain inside information that had not been disclosed complied with the Model Code has interests or short positions which are required to notify the Company and the Hong Kong Stock Exchange, or incur any conduct in violation of regulations. Having made specific enquiries to all Directors and all Supervisors of the Company, they have confirmed that they had complied with the required standards set out in the Model Code throughout the Reporting Period.

## CORPORATE GOVERNANCE REPORT

## 5 Senior Management's Remuneration

The Company considers the Executive Directors, the President, the Vice President, the Chief Financial Officer, the Board Secretary and the Company Secretary as the members of the senior management.

For the year ended 31 December 2015, remuneration paid to the members of the senior management other than the Executive Directors was as follows:

	2015 RMB	2014 RMB
Total remuneration	<b>7,027,930</b>	4,543,500

Remunerations of these senior management members fall within the following range:

	2015	2014
RMB0-1,000,000	<b>9</b>	5
RMB1,000,001-1,500,000	<b>1</b>	1
	<b>10</b>	6

## 6 Internal Control and Audit

### Internal Control

The Board has the ultimate responsibility to maintain a sound and effective internal control system for the Company so as to safeguard the interests of the Company and its shareholders as a whole and to ensure strict compliance with relevant laws, rules and regulations. The Board is fully in charge of the internal control system and is responsible for reviewing the effectiveness of the internal control system.

## CORPORATE GOVERNANCE REPORT

The Company's internal control system comprises a well established organizational structure and comprehensive policies and standards. Areas of responsibilities for each business and functional unit are clearly defined to ensure effective checks and balances. The procedures have been designed for safeguarding assets against any unauthorised use or disposition, for maintaining proper accounting records, and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud. The procedures have also been designed to ensure compliance with all applicable laws, rules and regulations. During the Reporting Period, the Company has carried out an overview on the effectiveness of the internal control system of the Company. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Company. No material internal control aspects of any significant problems were noted. Both the Audit Committee and the Board were satisfied that the internal control system of the Company had functioned effectively during the Reporting Period. With the completion of the corporate governance update project during the Reporting Period, the corporate governance of the Company was further improved, the transparency of the Company was further enhanced and the awareness of regulatory operation was continuously strengthened. During the Reporting Period, the Company continued to strengthen the management foundation and improve the steady and sound development of the Company in accordance with the requirements by regulatory authorities, so as to better protect the interests of shareholders of the Company.

### **The Board's Statement on Its Responsibility for Internal Control**

The Board has conducted self-evaluation on the effectiveness of the design and implementation of the internal control of the Company as at 31 December 2015 pursuant to the requirements of fundamental standards, evaluation guidelines and other relevant laws and regulations on an annual basis.

1. During the Reporting Period, the Company had established and effectively implemented an internal control system covering all businesses and issues required for evaluation with no significant or material pitfalls. The Company managed to realize its goals of internal control.
2. From the benchmark date of the internal control evaluation report to the date of issuing the internal control evaluation report, there were no significant changes in internal control process which might impose any substantial impacts on the evaluation results.

## CORPORATE GOVERNANCE REPORT

3. A standard unqualified internal control audit report has been issued to the Company by Ernst & Young Hua Ming LLP, the internal control auditor engaged by the Company.

The Company will continuously adjust and perfect the internal control system in accordance with operating scale, business scope, competition environment and risk levels, requirements of development as well as other actual conditions, so as to regulate the implementation of the internal control system, strengthen internal supervision and inspection and facilitate the healthy and sustainable development of the Company.

### Auditors' Remuneration

The Audit Committee reviewed the letter from Ernst & Young Hua Ming LLP to confirm its independence and objectiveness, and held meetings with Ernst & Young Hua Ming LLP to discuss the audit scope and fees by Ernst & Young Hua Ming LLP. The Company engaged Ernst & Young Hua Ming LLP as the sole external auditor of the Company. The remuneration in respect of audit services and non-audit services provided by Ernst & Young Hua Ming LLP in 2015 is summarised as follows:

Ernst & Young Hua Ming LLP	RMB
Annual results auditing services	9,500,000
Review of 2015 interim results	2,700,000
Other non-audit services	—
Total	12,200,000

## 7 Communications with Shareholders

The Board fully recognizes that effective communication with investors is the key to building up investors' confidence and attract new investors. The Company held briefs to investment analysts and investors immediately following the announcement of its annual and interim results. Senior management were present to analyze the performance of the Company, expound the business development of the Company and answer questions raised by investors, so as to make known the Company's existing operation, investment status and business development, thereby enhancing the investors' confidence in the Company.

For further details, please refer to the section headed "Investor Relations Report" in this Annual Report.

## 8 Shareholders' Rights

### Procedure for shareholders to convene an extraordinary general meeting:

Pursuant to Articles 64 and 106 of the Articles of Association and Rules of Procedure for General Meetings of the Company, the following procedures are set out for shareholders to convene an extraordinary general meeting or class meeting of shareholders:

- (1) Two or more shareholders severally or jointly holding 10% or more of shares of the Company may, by signing written requests in one or more counterparts stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class meeting of shareholders. The Board shall within two months after receipt of such written request convene an extraordinary general meeting or class meeting of shareholders. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s) by the shareholders;
- (2) Where the Board disagrees on the proposal for convening a general meeting or fails to give feedback within ten days upon receipt of the above written request, the shareholder(s) shall request in writing to the Supervisory Board to convene a general meeting. Where the Supervisory Board agrees on the convening of meeting, it shall give a notice of meeting within five days upon receipt of the written request. Where no notice of meeting is issued by the Supervisory Board within the prescribed period, the Supervisory Board shall be deemed not to convene and preside over the meeting. Shareholders severally or jointly holding 10% or more of shares of the Company for more than ninety consecutive days may convene and preside over the meeting on their own accord (the shareholding of such shareholder(s) who convene the meeting shall not be less than 10% prior to the announcement on the resolutions passed at the general meeting). The convening procedures shall as much as possible be the same as those for meeting convened by the Board.

The Company would inform all the registered shareholders of the time and venue of the extraordinary general meeting in writing or other forms permitted in the Articles of Association at least forty-five days before the date of the meeting. Shareholders who plan to attend the meeting shall give a written reply to the Company or the convener at least twenty days before the date of the meeting.

## CORPORATE GOVERNANCE REPORT

### Procedure for election of directors nominated by shareholders

Pursuant to Articles 67 and 132 of the Articles of Association and Rules of Procedure for General Meetings of the Company, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Stock Listing Rules of Shanghai Stock Exchange, the following procedure is set out for election of directors nominated by shareholders:

Shareholder(s) severally or jointly holding 3% or more shares of the Company may nominate directors for election through a proposal to the Company. A written notice of the intention to nominate a person (namely shareholder) for election as director and a notice in writing by that person indicating his acceptance of such nomination shall be given to the Company not earlier than the day of announcement of notice of general meeting and not later than seven days before the date of the general meeting. The relevant period for nomination and acceptance of nomination shall not be less than seven days. The Company will, ten workdays before the date of the relevant general meeting, send to all shareholders a supplementary notice of general meeting carrying information about the resume of the director candidates, reasons for election of them and the candidates' attitudes toward the nomination.

Proposals at a general meeting shall meet the following requirements:

- (I) The contents of the proposals shall not contravene provisions of the laws, administrative regulations and the Articles of Association and shall fall within the scope of business of the Company and terms of reference of general meeting;
- (II) The proposals shall have specific topics for discussion and specific issues to be resolved; and
- (III) The proposals shall be submitted or served to the convener in writing.

Voting on proposals for election of Directors shall take the form of cumulative voting, namely, if more than two directors are to be elected at the general meeting, every share held by the voting shareholders shall have voting rights equal to the number of directors to be elected, and any shareholder may concentrate his/her voting rights on one director candidate or distribute his/her voting rights among several director candidates.

Cumulative voting mentioned in the preceding paragraph means that when Directors or supervisors are being elected at a general meeting, each share has as many voting rights as the candidates for directors or supervisors, and the shareholders' voting rights may be used in a concentrated manner.



## CORPORATE GOVERNANCE REPORT

**Procedure for Shareholders to put forward proposals at a general meeting**

Pursuant to Article 67 of the Articles of Association and Rules of Procedure for General Meetings of the Company, the Listing Rules and Stock Listing Rules of Shanghai Stock Exchange, the following procedures are set out for the Shareholders to put forward proposals at a general meeting:

Shareholder(s) severally or jointly holding 3% or more shares of the Company may put forward proposals at a general meeting. A written notice of the intention to put forward a proposal shall be given to the meeting convener through contacting the Investor Relations Department of the Company. For details of contact methods, please refer to the Investor Relations Report. The convener should make an announcement no earlier than two days upon receipt of the request and no later than ten days before the date of the general meeting specifying details of the proposals.

Other than the above requirements, after the convener makes the announcement, no amendment or addition shall be made in the proposal listed in the announcement.

Proposals at a general meeting shall meet the following requirements:

- (I) The contents of the proposals shall not contravene provisions of the laws, administrative regulations and the Articles of Association and shall fall within the scope of business of the Company and rules of procedure of general meeting;
- (II) The proposals shall include a clear subject and particulars of the subject matters; and
- (III) The proposals shall be submitted or served to the convener in writing.

When the relevant issues or proposals are being considered at the general meeting, shareholders or their proxies present at the meeting may express their opinions in either oral or written form. Shareholders who wish to express their opinions or raise questions on the issues to be considered shall obtain prior approval from the chairman of the meeting. Shareholders shall not intervene when reports are being made at the meeting or when other

## CORPORATE GOVERNANCE REPORT

shareholders are speaking. When expressing their opinions, shareholders shall focus on the subject matters based on facts and reliable supports with courtesy and respect to others. Insult or defamation on others is prohibited. Shareholders who are in violation of the above rules shall be prohibited from speaking or forced to stop by the chairman of the meeting. Any person present at the meeting may submit their opinions or questions in writing to the chairman of the meeting. Opinions or questions raised at the meeting should be concise and to the point and shall not exceed the time limit and frequency stated in the rules of procedure.

### **9 Constitutional Documents**

In order to allow for flexibility in the composition and number of directors/supervisors for the Board and Supervisory Board, amendments were made to the Articles of Association to alter the number of members of the Board and Supervisory Board subsequent to the approval by the shareholders at the 2015 First EGM. The amendments to the Articles of Association took effect on 27 November 2015. Details of the amendments were disclosed in the circular of the Company dated 30 October 2015.

Subsequent to the completion of the 2015 Proposed Placing, two amendments were made to the Articles of Association to reflect the changes in the total issued share capital and the shareholding structure of the Company after completion of the 2015 Proposed Placing. Details of the amendments were disclosed in the announcement of the Company dated 27 December 2015.

The most updated Articles of Association is available on the websites of the Company and the Hong Kong Stock Exchange.

On behalf of the Board

**Jiang Deyi**

*Chairman*

Beijing, the PRC

23 March 2016



# AUDITORS' REPORT

## Auditors' Report



Ernst & Young Hua Ming (2016) Shen Zi No. 60667053\_A01

### To the shareholders of BBMG Corporation:

We have audited the accompanying financial statements of BBMG Corporation, which comprise the consolidated and company balance sheets as at 31 December 2015, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for 2015 and the notes to the financial statements.

### 1. Management's responsibility for the financial statements

The management of BBMG Corporation is responsible for the preparation and fair presentation of the financial statements. This responsibility includes: (1) preparing and fairly presenting financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 2. Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Chinese Standards on Auditing. Those standards require that we comply with Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Auditors' Report (continued)

### 3. Opinion

In our opinion, the financial statements present fairly, in all material aspects, the consolidated and company's financial position of BBMG Corporation as at 31 December 2015 and their financial performance and cash flows for 2015 in accordance with Accounting Standards for Business Enterprises.

**Ernst & Young Hua Ming LLP**

*Chinese Certified Public Accountant:* **Meng Dong**

*Chinese Certified Public Accountant:* **Ma Yue**

Beijing, the PRC

23 March 2016

# Audited Consolidated Balance Sheet

As at 31 December 2015

RMB	Note V	31 December 2015	31 December 2014
<b>Assets</b>			
Current assets			
Cash and bank balances	1	<b>18,369,880,691.10</b>	10,980,171,602.68
Bills receivable	2	<b>2,197,924,429.70</b>	2,651,027,709.78
Accounts receivable	3	<b>6,882,068,508.58</b>	5,404,832,534.14
Prepayments	4	<b>3,615,007,054.08</b>	3,526,981,050.00
Interests receivable	5	<b>6,716,763.51</b>	2,641,275.74
Dividends receivable	6	<b>3,922,700.00</b>	2,190,000.00
Other receivables	7	<b>1,998,699,709.21</b>	1,875,875,683.44
Inventories	8	<b>54,007,187,185.94</b>	48,853,159,420.39
Other current assets	9	<b>2,254,225,698.11</b>	1,721,926,542.06
Total current assets		<b>89,335,632,740.23</b>	75,018,805,818.23
Non-current assets			
Available-for-sale financial assets	10	<b>604,367,250.00</b>	1,105,113,250.00
Long-term equity investments	11	<b>305,693,498.67</b>	313,866,323.17
Investment properties	12	<b>14,444,803,327.98</b>	14,051,809,039.03
Fixed assets	13	<b>18,141,169,689.04</b>	18,021,194,232.60
Construction in progress	14	<b>1,249,188,812.32</b>	834,891,670.62
Construction materials	15	<b>7,281,479.06</b>	10,744,028.39
Intangible assets	16	<b>4,087,252,597.86</b>	3,977,201,603.72
Goodwill	17	<b>258,366,898.28</b>	261,109,608.57
Long-term deferred expenditures	18	<b>404,769,379.15</b>	289,777,104.17
Deferred income tax assets	19	<b>1,423,631,430.99</b>	1,400,919,003.46
Other non-current assets	20	<b>484,547,210.58</b>	399,538,994.71
Total non-current assets		<b>41,411,071,573.93</b>	40,666,164,858.44
Total assets		<b>130,746,704,314.16</b>	115,684,970,676.67

The notes on pages 139 to 353 form an integral part of these financial statements

## Audited Consolidated Balance Sheet (continued)

As at 31 December 2015

RMB	Note V	<b>31 December 2015</b>	31 December 2014
<b>Liabilities and shareholders' equity</b>			
Current Liabilities			
Short-term loans	22	<b>16,805,996,379.53</b>	11,635,636,481.02
Bills payable	23	<b>436,477,804.74</b>	237,215,529.94
Accounts payable	24	<b>8,625,713,523.10</b>	9,297,548,205.02
Receipts in advance	25	<b>19,034,031,504.51</b>	16,529,668,285.63
Wages payable	26	<b>118,602,647.04</b>	124,579,259.90
Taxes payable	27	<b>1,464,513,273.35</b>	819,948,626.81
Interest payable	28	<b>429,133,043.75</b>	493,293,223.16
Dividends payable	29	<b>55,274,219.13</b>	55,522,242.70
Other payables	30	<b>3,078,563,379.11</b>	3,078,343,439.23
Short-term financing bonds payable	34	<b>6,000,000,000.00</b>	6,600,000,000.00
Non-current liabilities due within one year	31	<b>3,907,504,794.13</b>	6,116,513,981.62
Other current liabilities	32	<b>5,230,763,450.32</b>	4,525,386,360.91
Total current liabilities		<b>65,186,574,018.71</b>	59,513,655,635.94
Non-current liabilities			
Long-term loans	33	<b>6,888,600,000.00</b>	6,779,500,000.00
Bonds payable	34	<b>12,000,000,000.00</b>	9,069,911,156.24
Long-term payables	35	<b>19,054,327.53</b>	22,209,372.56
Long-term wages payable	36	<b>457,687,351.00</b>	444,185,934.00
Accrued liabilities	37	<b>136,446,352.28</b>	101,078,282.54
Deferred income	38	<b>628,921,179.69</b>	641,674,749.80
Deferred income tax liabilities	19	<b>2,645,986,691.73</b>	2,551,167,406.15
Other non-current liabilities	39	<b>601,559,996.42</b>	314,199,998.01
Total non-current liabilities		<b>23,378,255,898.65</b>	19,923,926,899.30
Total liabilities		<b>88,564,829,917.36</b>	79,437,582,535.24

The notes on pages 139 to 353 form an integral part of these financial statements

## Audited Consolidated Balance Sheet (continued)

As at 31 December 2015

RMB	Note V	31 December 2015	31 December 2014
Equity attributable to shareholders			
Share Capital	40	5,338,885,567.00	4,784,640,284.00
Other equity instruments	41	990,000,000.00	-
Capital reserve	42	11,579,704,575.56	7,898,685,039.67
Other comprehensive income	43	206,047,349.73	234,799,933.63
Specific reserve	44	8,896,481.87	7,925,485.30
Surplus reserve	45	1,053,285,969.67	828,495,276.27
General risks reserve	46	59,993,193.86	37,637,667.87
Retained earnings	47	18,846,160,038.86	17,315,084,511.06
Total equity attributable to the shareholders of the parent company		38,082,973,176.55	31,107,268,197.80
Minority interests		4,098,901,220.25	5,140,119,943.63
Total equity attributable to shareholders		42,181,874,396.80	36,247,388,141.43
Total liabilities and equity attributable to shareholders		130,746,704,314.16	115,684,970,676.67

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The notes on pages 139 to 353 form an integral part of these financial statements



## Audited Consolidated Income Statement

For the year ended 31 December 2015

RMB	Note V	2015	2014
<b>Operating revenue</b>	48	<b>40,925,340,861.40</b>	41,241,473,853.97
Less: Operating costs	48	<b>30,526,041,342.13</b>	31,272,820,459.85
Business tax and surcharges	49	<b>2,178,441,374.93</b>	1,789,409,056.80
Selling expenses	50	<b>1,546,158,440.90</b>	1,521,568,509.32
Administrative expenses	51	<b>2,973,810,596.33</b>	2,886,604,421.20
Finance costs	52	<b>1,335,546,194.47</b>	1,209,437,114.59
Asset impairment losses	53	<b>447,911,026.68</b>	210,438,063.48
Add: Gains from changes in fair value	54	<b>602,186,288.95</b>	628,288,802.13
Investment gains/(losses)	55	<b>(17,625,136.86)</b>	(28,439,683.58)
Including: Share of investment gains/(losses) of associates and joint ventures		<b>(17,693,887.39)</b>	(28,449,783.58)
Operating profit		<b>2,501,993,038.05</b>	2,951,045,347.28
Add: Non-operating revenue	56	<b>742,138,704.67</b>	903,990,939.46
Including: Gains from disposal of non-current assets		<b>12,401,002.69</b>	140,661,272.43
Less: Non-operating expenses	57	<b>61,477,248.64</b>	51,691,143.61
Including: Loss on disposal of non-current assets		<b>37,467,850.47</b>	12,792,410.98
Total profit		<b>3,182,654,494.08</b>	3,803,345,143.13
Less: Income tax expenses	59	<b>1,231,586,696.28</b>	1,094,373,054.86
Net profit		<b>1,951,067,797.80</b>	2,708,972,088.27
Net profit attributable to shareholders of the parent company		<b>2,017,453,761.39</b>	2,422,721,815.83
Minority interests		<b>(66,385,963.59)</b>	286,250,272.44
Net other comprehensive income after tax			
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		<b>(32,351,891.00)</b>	(36,280,233.00)

The notes on pages 139 to 353 form an integral part of these financial statements

## Audited Consolidated Income Statement (continued)

For the year ended 31 December 2015

RMB	Note V	<b>2015</b>	2014
Other comprehensive income to be reclassified into profit or loss upon satisfaction of specified conditions in subsequent accounting periods		<b>3,599,307.10</b>	(86.87)
Exchange differences on foreign currency translation		<b>3,599,307.10</b>	(86.87)
Net other comprehensive income after deducting impact of income tax	43	<b>(28,752,583.90)</b>	(36,280,319.87)
Net other comprehensive income after tax attributable to minority shareholders		-	-
Total comprehensive income		<b>1,922,315,213.90</b>	2,672,691,768.40
Including:			
Total comprehensive income attributable to shareholders of the parent company		<b>1,988,701,177.49</b>	2,386,441,495.96
Total comprehensive income attributable to minority shareholders		<b>(66,385,963.59)</b>	286,250,272.44
Earnings per share	60		
Basic earnings per share (RMB/share)		<b>0.42</b>	0.52
Diluted earnings per share (RMB/share)		<b>0.42</b>	0.52

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The notes on pages 139 to 353 form an integral part of these financial statements

# Audited Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Equity attributable to shareholders of the parent company								Minority interests	Total equity	
	Share capital	Other equity instruments including: Perpetual bonds	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained earnings			Subtotal
1. Balance at the beginning of the year	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
2. Movements during the year	-	-	-	(28,752,933.90)	-	-	-	2,017,453,761.39	1,988,701,177.49	(66,385,963.59)	1,922,315,213.90
(1) Total comprehensive income	-	-	-	(28,752,933.90)	-	-	-	2,017,453,761.39	1,988,701,177.49	(66,385,963.59)	1,922,315,213.90
(2) Capital contribution and reduction from shareholders	-	-	1,452,041.86	-	-	-	-	-	1,452,041.86	72,177,400.00	73,629,441.86
1. Capital contribution from minority shareholders	-	-	(392,272,663.77)	-	-	-	-	-	(392,272,663.77)	(1,107,727,336.23)	(1,500,000,000.00)
2. Unilateral capital reduction from minority shareholders	-	-	4,083,629,756.84	-	-	-	-	-	4,083,629,756.84	-	4,083,629,756.84
3. Non-public issuance of shares (Note V.40)	554,245,283.00	-	-	-	-	-	-	-	554,245,283.00	-	554,245,283.00
4. Issuance of perpetual bonds (Note V. 41)	-	990,000,000.00	-	-	-	-	-	-	990,000,000.00	-	990,000,000.00
5. Unilateral capital increase in subsidiaries	-	-	(1,220,825.72)	-	-	-	-	-	(1,220,825.72)	1,220,825.72	-
6. Business combination not under common control	-	-	-	-	-	-	-	-	-	163,779,066.67	163,779,066.67
(3) Profit distribution	-	-	-	-	-	22,355,525.99	-	(22,355,525.99)	-	-	-
1. Appropriation of surplus reserve	-	-	-	-	-	22,355,525.99	-	(22,355,525.99)	-	-	-
2. Dividend to shareholders	-	-	-	-	-	-	-	-	-	-	-
3. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-
(4) Specific reserve	-	-	-	-	-	-	-	-	-	-	-
1. Appropriated during the year	-	-	-	-	20,401,781.40	-	-	-	20,401,781.40	6,467,617.16	26,869,398.56
2. Paid during the year	-	-	-	-	(19,430,784.83)	-	-	-	(19,430,784.83)	(5,852,986.75)	(25,283,771.58)
(5) Others	-	-	(10,568,773.32)	-	-	-	-	-	(10,568,773.32)	-	(10,568,773.32)
3. Balance at the end of the year	5,338,885,567.00	990,000,000.00	11,579,704,575.56	206,047,343.73	8,896,481.87	1,053,285,969.67	59,993,193.86	18,846,160,039.86	38,082,973,176.55	4,098,901,220.25	42,181,874,396.80

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The notes on pages 139 to 353 form an integral part of these financial statements

## Audited Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2014

	Equity attributable to shareholders of the parent company							Total equity		
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained earnings		Subtotal	Minority interests
1. Balance at the beginning of the year	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
2. Movements during the year	-	-	(36,280,319.87)	-	-	-	2,422,721,815.83	2,386,441,495.96	286,250,272.44	2,672,691,768.40
(1) Total comprehensive income	-	-	(36,280,319.87)	-	-	-	2,422,721,815.83	2,386,441,495.96	286,250,272.44	2,672,691,768.40
(2) Capital contribution and reduction from shareholders	-	45,820,989.98	-	-	-	-	-	45,820,989.98	1,200,347,642.33	1,246,168,632.31
1. Capital contribution from minority shareholders	-	45,820,989.98	-	-	-	-	-	45,820,989.98	1,200,347,642.33	1,246,168,632.31
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 minority interests in subsidiaries	-	(805,156.36)	-	-	-	-	-	(805,156.36)	(46,537,643.64)	(47,342,800.00)
(3) Profit distribution	-	-	-	-	117,299,953.64	-	(117,299,953.64)	-	-	-
1. Appropriation of surplus reserve	-	-	-	-	117,299,953.64	-	(117,299,953.64)	-	-	-
2. Dividend to shareholders	-	-	-	-	-	-	(373,201,942.15)	(373,201,942.15)	(46,817,526.01)	(420,019,468.16)
3. Appropriation of general risk reserve	-	-	-	-	-	36,939,213.09	(66,939,213.09)	-	-	-
(4) Specific reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriated during the year	-	-	-	27,136,349.77	-	-	-	27,136,349.77	5,583,653.97	32,720,003.74
2. Paid during the year	-	-	-	(32,999,025.11)	-	-	-	(32,999,025.11)	(3,879,903.42)	(36,878,928.53)
3. Balance at the end of the year	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

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The notes on pages 139 to 353 form an integral part of these financial statements

## Audited Consolidated Statement of Cash Flows

For the year ended 31 December 2015

RMB	Note V	<b>2015</b>	2014
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		<b>38,367,561,649.58</b>	37,875,420,963.62
Refunds of taxes		<b>295,277,568.10</b>	419,241,171.47
Net decrease in deposits placed with the Central Bank		<b>453,686,263.18</b>	–
Cash received from other operating activities	61	<b>852,842,525.83</b>	1,218,499,576.11
Subtotal of cash inflows from operating activities		<b>39,969,368,006.69</b>	39,513,161,711.20
<b>Cash paid for goods and services</b>			
Cash paid for goods and services		<b>30,967,843,623.90</b>	35,807,361,291.81
Net increase in deposits placed with the Central Bank		–	659,436,963.19
Cash paid to and on behalf of employees		<b>3,211,772,707.11</b>	3,072,601,989.09
Cash paid for all types of taxes		<b>3,619,469,613.40</b>	3,894,072,483.85
Cash paid for other operating activities	61	<b>2,822,917,779.80</b>	2,235,856,910.18
Subtotal of cash outflows from operating activities		<b>40,622,003,724.21</b>	45,669,329,638.12
Net cash flows from operating activities	62(1)	<b>(652,635,717.52)</b>	(6,156,167,926.92)
<b>II. Cash flows from investing activities</b>			
Cash received from redemption of investments		<b>500,000,000.00</b>	–
Cash received from return on investments		<b>4,835,984.64</b>	1,293,685.98
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>23,299,944.71</b>	198,256,190.27
Cash received from other investing activities	61	<b>142,590,000.00</b>	402,360,000.00
Subtotal of cash inflows from investing activities		<b>670,725,929.35</b>	601,909,876.25
<b>Cash paid for acquisition of fixed assets, intangible assets and other long-term assets</b>			
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>1,816,180,115.19</b>	1,745,955,268.33
Cash paid for acquisition of investments		<b>16,020,997.00</b>	–
Net cash paid for acquisition of subsidiaries and other business entities	62(2)	<b>196,534,880.00</b>	–
Cash paid relating to other investing activities	61	<b>49,000,000.00</b>	472,850,000.00
Subtotal of cash outflows from investing activities		<b>2,077,735,992.19</b>	2,218,805,268.33
Net cash flows from investing activities		<b>(1,407,010,062.84)</b>	(1,616,895,392.08)

The notes on pages 139 to 353 form an integral part of these financial statements



# Audited Balance Sheet

As at 31 December 2015

RMB	Note XV	<b>31 December 2015</b>	31 December 2014
<b>Assets</b>			
Current assets			
Cash and bank balances		<b>8,307,879,520.89</b>	3,990,411,184.97
Accounts receivable		<b>1,475,647.10</b>	531,095.49
Interest receivable		<b>514,835,805.73</b>	297,231,546.37
Dividends receivable		<b>2,115,301,793.57</b>	1,229,423,193.59
Other receivables	1	<b>32,078,773,920.10</b>	26,209,553,076.06
Other current assets		<b>4,258,369.41</b>	2,595,024.86
Total current assets		<b>43,022,525,056.80</b>	31,729,745,121.34
Non-current assets			
Available-for-sale financial assets		<b>200,000.00</b>	500,200,000.00
Long-term equity investments	2	<b>25,287,352,565.89</b>	23,561,454,792.85
Investment properties	3	<b>9,399,343,431.98</b>	9,045,893,879.03
Fixed assets		<b>1,356,131,023.87</b>	1,389,520,144.73
Intangible assets		<b>439,323,833.78</b>	452,246,643.94
Deferred income tax assets		<b>108,754,719.36</b>	70,978,020.74
Total non-current assets		<b>36,591,105,574.88</b>	35,020,293,481.29
Total assets		<b>79,613,630,631.68</b>	66,750,038,602.63
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Short-term loans		<b>15,410,000,000.00</b>	11,430,000,000.00
Accounts payable		<b>7,883,071.33</b>	7,883,071.33
Receipts in advance		<b>108,520,447.23</b>	96,859,820.45
Wages payable		<b>85,430.15</b>	109,430.15
Taxes payable		<b>4,470,007.37</b>	5,751,228.26
Interest payable		<b>423,624,547.80</b>	486,964,793.76
Dividends payable		<b>21,427,408.09</b>	21,300,208.09
Other payables		<b>4,258,315,417.14</b>	4,319,269,438.21
Short-term financing bonds payable		<b>6,000,000,000.00</b>	6,600,000,000.00
Non-current liabilities due within one year		<b>2,863,054,949.10</b>	4,870,000,000.00
Other current liabilities		<b>7,233.77</b>	–
Total current liabilities		<b>29,097,388,511.98</b>	27,838,137,990.25

The notes on pages 139 to 353 form an integral part of these financial statements

## Audited Balance Sheet (continued)

As at 31 December 2015

RMB	<b>31 December 2015</b>	31 December 2014
Non-current liabilities		
Long-term loans	<b>6,216,600,000.00</b>	5,449,000,000.00
Bonds payable	<b>12,000,000,000.00</b>	8,869,911,156.24
Long-term wages payable	<b>448,670,717.78</b>	435,040,166.97
Deferred income	–	1,048,621.13
Deferred income tax liabilities	<b>1,890,181,621.20</b>	1,801,819,232.96
Total non-current liabilities	<b>20,555,452,338.98</b>	16,556,819,177.30
Total liabilities	<b>49,652,840,850.96</b>	44,394,957,167.55
Shareholders' equity		
Share capital	<b>5,338,885,567.00</b>	4,784,640,284.00
Other equity instruments	<b>990,000,000.00</b>	–
Capital reserve	<b>12,013,740,469.82</b>	7,930,110,712.98
Other comprehensive income	<b>31,669,377.79</b>	62,510,991.79
Surplus reserve	<b>1,053,285,969.67</b>	828,495,276.27
Retained earnings	<b>10,533,208,396.44</b>	8,749,324,170.04
Total shareholders' equity	<b>29,960,789,780.72</b>	22,355,081,435.08
Total liabilities and shareholders' equity	<b>79,613,630,631.68</b>	66,750,038,602.63

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**



# Audited Income Statement

For the year ended 31 December 2015

RMB	Note XV	2015	2014
Operating revenue	4	<b>879,312,892.31</b>	766,683,819.25
Less: Operating costs	4	<b>91,796,681.44</b>	110,473,019.72
Business tax and surcharges		<b>48,944,944.35</b>	42,595,784.46
Selling expenses		<b>26,012,759.91</b>	22,716,653.89
Administrative expenses		<b>184,057,376.03</b>	194,275,342.64
Finance costs		<b>673,826,073.02</b>	597,137,378.47
Asset impairment loss		<b>9,769,003.63</b>	9,113,985.00
Add: Gain from changes in fair value		<b>353,449,552.95</b>	514,844,018.30
Investment income	5	<b>2,095,750,896.03</b>	917,739,718.41
Including: Share of investment losses of associates and joint ventures		<b>(19,972,856.35)</b>	(30,563,565.27)
Operating profit		<b>2,294,106,502.91</b>	1,222,955,391.78
Add: Non-operating revenue		<b>9,797,347.71</b>	32,748,753.64
Including: Gains from disposal of non-current assets		<b>103,860.00</b>	8,704,600.00
Less: Non-operating expenses		<b>5,411,227.00</b>	309,278.09
Including: Loss on disposal of non-current assets		<b>244.00</b>	63,267.79
Total profit		<b>2,298,492,623.62</b>	1,255,394,867.33
Less: Income tax expenses		<b>50,585,689.62</b>	82,395,330.96
Net profit		<b>2,247,906,934.00</b>	1,172,999,536.37
Net other comprehensive income after tax			
Other comprehensive income not allowed to be reclassified into profit or loss in subsequent accounting period			
Changes arising from re-measurement of net liabilities or net assets of defined benefit plans		<b>(30,841,614.00)</b>	(34,503,708.00)
Total comprehensive income		<b>2,217,065,320.00</b>	1,138,495,828.37

The financial statements have been signed by:

Legal representative:

**Jiang Deyi**

CFO:

**Chen Guogao**

Head of the accounting department:

**Hu Juan**

The notes on pages 139 to 353 form an integral part of these financial statements

# Audited Statement of Changes in Equity

For the year ended 31 December 2015

RMB

	Other equity instruments		Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
	Share capital	Including: Perpetual bonds					
I. Balance at the end of the previous year	4,784,640,284.00	-	7,930,110,712.98	62,510,991.79	828,495,276.27	8,749,324,170.04	22,355,081,435.08
II. Movements during the year							
(1) Total comprehensive income	-	-	-	(30,841,614.00)	-	2,247,906,934.00	2,217,065,320.00
(2) Capital contribution from shareholders							
1. Non-public issuance of shares (Note V.40)	554,245,283.00	-	4,083,629,756.84	-	-	-	4,637,875,039.84
2. Issuance of perpetual bonds (Note V. 41)	-	990,000,000.00	-	-	-	-	990,000,000.00
(3) Profit distribution							
1. Appropriation of surplus reserves	-	-	-	-	224,790,693.40	(224,790,693.40)	-
2. Dividend to owners	-	-	-	-	-	(239,232,014.20)	(239,232,014.20)
III. Balance at the end of the year	5,338,885,567.00	990,000,000.00	12,013,740,469.82	31,669,377.79	1,053,285,969.67	10,533,208,396.44	29,960,789,780.72

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

The notes on pages 139 to 353 form an integral part of these financial statements

## Audited Statement of Changes in Equity (continued)

For the year ended 31 December 2014

RMB

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
I. Balance at the beginning of the year	4,283,737,060.00	5,656,278,047.06	97,014,699.79	711,195,322.63	7,858,457,510.52	18,606,682,640.00
II. Movements during the year						
(1) Total comprehensive income	—	—	(34,503,708.00)	—	1,172,999,536.37	1,138,495,828.37
(2) Non-public issuance of shares	500,903,224.00	2,273,832,665.92	—	—	—	2,774,735,889.92
(3) Profit distribution						
1. Appropriation of surplus reserves	—	—	—	117,299,953.64	(117,299,953.64)	—
2. Dividend to shareholders	—	—	—	—	(373,201,942.15)	(373,201,942.15)
(4) Merger of subsidiaries	—	—	—	—	208,369,018.94	208,369,018.94
III. Balance at the end of the year	<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>

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

## Audited Statement of Cash Flows

For the year ended 31 December 2015

RMB	Note XV	2015	2014
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		<b>938,638,933.52</b>	785,479,250.16
Cash received from other operating activities	6	<b>44,494,239,032.86</b>	41,016,011,511.26
Subtotal of cash inflows from operating activities		<b>45,432,877,966.38</b>	41,801,490,761.42
Cash paid for goods and services		<b>36,607,842.33</b>	68,297,536.83
Cash paid to and on behalf of employees		<b>60,633,576.23</b>	65,213,285.90
Cash paid for all types of taxes		<b>140,471,856.78</b>	146,104,925.95
Cash paid for other operating activities	6	<b>49,940,867,826.27</b>	45,149,692,840.64
Subtotal of cash outflows from operating activities		<b>50,178,581,101.61</b>	45,429,308,589.32
Net cash flows from operating activities	7(1)	<b>(4,745,703,135.23)</b>	(3,627,817,827.90)
<b>II. Cash flows from investing activities</b>			
Cash received from redemption of investments		<b>500,000,000.00</b>	–
Cash received from return on investments		<b>709,541,791.70</b>	197,374,527.69
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>7,104,890.00</b>	–
Subtotal of cash inflows from investing activities		<b>1,216,646,681.70</b>	197,374,527.69
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>47,198,456.87</b>	54,765,263.80
Cash paid for acquisition of investments		<b>680,623,313.10</b>	3,743,151,975.00
Subtotal of cash outflows from investing activities		<b>727,821,769.97</b>	3,797,917,238.80
Net cash flows from investing activities		<b>488,824,911.73</b>	(3,600,542,711.11)

The notes on pages 139 to 353 form an integral part of these financial statements

## Audited Statement of Cash Flows (continued)

For the year ended 31 December 2015

RMB	Note XV	2015	2014
III. Cash flows from financing activities			
Cash received from investments		4,641,499,999.84	2,779,239,989.92
Cash received from borrowings		19,881,000,000.00	19,447,996,000.00
Cash received from issuance of bonds		11,000,000,000.00	11,424,131,029.99
Cash received from issuance of perpetual bonds		990,000,000.00	–
Cash received from other financing activities		25,000,000.00	–
		<u>36,537,499,999.84</u>	<u>33,651,367,019.91</u>
Subtotal of cash inflows from financing activities			
Cash paid for repayment of borrowings		16,233,400,000.00	17,961,496,000.00
Cash paid for distribution of dividends and profits or for interest expenses		2,353,227,354.37	1,993,166,219.63
Cash paid for redemption of bonds		9,400,000,000.00	4,370,000,000.00
		<u>27,986,627,354.37</u>	<u>24,324,662,219.63</u>
Subtotal of cash outflows from financing activities			
Net cash flows from financing activities		<u>8,550,872,645.47</u>	<u>9,326,704,800.28</u>
IV. Effect of changes in exchange rate on cash and cash equivalents		<u>(882,660.94)</u>	<u>(1,212,482.01)</u>
V. Net increase in cash and cash equivalents		4,293,111,761.03	2,097,131,779.26
Add: Cash and cash equivalents at the beginning of the year		3,965,411,184.97	1,868,279,405.71
VI. Cash and cash equivalents at the end of the year	7(2)	<u>8,258,522,946.00</u>	<u>3,965,411,184.97</u>

The financial statements have been signed by:

Legal representative:  
**Jiang Deyi**

CFO:  
**Chen Guogao**

Head of the accounting department:  
**Hu Juan**

# Notes to Financial Statements

For the year ended 31 December 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 headquarter is located at No. 36, North Third Ring East Road, Dongcheng District, Beijing.

The principal business activities of the Company and its subsidiaries (collectively, the “**Group**”) includes: manufacture and sale of cement and building materials, construction and decoration, trade and logistics, tourism services, real estate development, property investment and 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 23 March 2016. In accordance with the Articles of Association of the Company, these financial statements will be proposed to the general meeting for review.

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

## II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

## Notes to Financial Statements

For the year ended 31 December 2015

### III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES FOR BUSINESS ENTERPRISES

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

#### 1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2015 and their financial performance and cash flows for 2015.

#### 2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year.

#### 3. Functional currency

The Company's reporting and presentation currency 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 4. Business combinations *(continued)*

##### ***Business combinations under common control*** *(continued)*

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 to 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.

##### ***Business combinations not under common control***

A business combination not under common control is a business combination in which all of 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 acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination 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, 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 fair value of the net assets acquired, the difference is recognised in profit or loss for the current period.



## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 4. Business combinations *(continued)*

##### ***Business combinations not under common control*** *(continued)*

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 gains and losses 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 as of 31 December 2015. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural body controlled by the Company, etc.) that is controlled by the Company.

In preparation of consolidated financial statements, the subsidiaries use 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 minority shareholders of a subsidiary exceeds the minority 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 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 5. Consolidated financial statements *(continued)*

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 the 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 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.

#### 8. Foreign currency transactions and translation of the 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 applying to 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 qualifying assets, 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 at the date on which the fair values are determined. The exchange differences thus resulted are recognised in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 8. Foreign currency transactions and translation of the financial statements prepared in foreign currencies *(continued)*

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 at the date of transactions; 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 and 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.

#### 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;
- (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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 9. Financial Instruments *(continued)*

##### ***Recognition and derecognition of financial instruments*** *(continued)*

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 amount initially recognised.

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 the financial asset that meets one of the following conditions: the financial asset is acquired for the purpose of selling in the near term; 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; the financial asset is a derivative, except for a derivative that is designated and 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) whose fair value 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 9. Financial Instruments *(continued)*

##### ***Classification and measurement of financial assets*** *(continued)*

###### *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 kind of financial assets are subsequently measured at amortised cost using the effective interest rate method. Gains or losses arising from amortization or impairment are recognised in profit or loss for the current period.

###### *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. For such kind of financial assets, fair values are adopted for subsequent measurement. 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 whose fair value 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, derivatives designated as hedging instruments in an effective hedge. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 9. Financial Instruments *(continued)*

##### ***Classification and measurement of financial liabilities*** *(continued)*

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 the financial liability that meets one of the following conditions: the financial liability is assumed for the purpose of repurchasing in the near term; 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; the financial liability is a derivative, except for a derivative that is designated and 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) whose fair value cannot be reliably measured. For such a kind 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.

##### *Other financial liabilities*

Such kind 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 financial assets. 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 enter bankruptcy or other financial reorganisations; and observable data indicating that there is a measurable decrease in the estimated future cash flows of the obligor.

## Notes to Financial Statements

For the year ended 31 December 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*

If impairment on a financial asset has occurred, the carrying amount of the asset is reduced to the present value of 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 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.

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 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 at the date the impairment is reversed.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 9. Financial Instruments *(continued)*

##### *Impairment of financial assets (continued)*

###### *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 that 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.

The objective evidence of the available-for-sale equity instrument investment is impaired, includes a significant or prolong decline in fair value. "Significant" is determined against the extent of fair value under the cost, while "prolong" is determined by the length of duration when fair value was under 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 determines, among other factors, the duration and extent to which the fair value is less than the 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 impairment loss was recognised, the 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 expected future cash flows which are discounted at the current market interest rate 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 Financial Statements

For the year ended 31 December 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*

As at the balance sheet date, 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 estimated future cash flows as compared to the carrying amount of the receivable.

## Notes to Financial Statements

For the year ended 31 December 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 estimated future cash flows and the carrying amount of the receivable.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 11. Inventories

Inventories include raw materials, work in progress, finished goods, goods in stock, 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 mainly 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 item. Land use rights for development purpose are classified as part of properties under development.

The Group adopts 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. If factors that previously resulted in the provision for decline in value of inventories no longer exist and result in the net realisable value higher than their carrying amount, the amount of the write-down is reversed to the extent of the amount of the provision for the inventories and is recognised in profit or loss for the current period.

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 the inventories related to the 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 Financial Statements

For the year ended 31 December 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 conditions is classified as held for sale:

- (1) The integral part (or non-current assets), must be available for immediate sale in its present condition subject only to terms that are usually 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 or accounted for using equity method, 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 Financial Statements

For the year ended 31 December 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 to 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 used to directly account for relevant assets or liabilities by the investee upon such disposal, and shareholders' equity recognised as a result of changes in other shareholders' equity 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 used to directly account for relevant assets or liabilities by the investee upon such disposal, 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 into 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: 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; if acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; 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 Financial Statements

For the year ended 31 December 2015

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

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

The long-term equity investment where the Company can exercise control over the investee 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

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

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 jointly-controlled entities and associates, 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.

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, relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as used to directly account for relevant 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, relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as used to directly account for relevant 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 14. Investment properties

Investment property is 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 its 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.

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" on the face of 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 interests and foreign exchange rates in the places where the Group operates; and there is no other force majeure and unforeseeable factor that may have a material impact on the Group's operation.



## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 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 meets 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 expenditure for bringing the asset to working condition for its intended use.

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 value 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 economic benefit to the entity 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 or 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 at each financial year-end, and makes adjustments if necessary.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 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.

#### 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:

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 17. Borrowing costs *(continued)*

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any 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 capitalized on such borrowings is determined by applying a weighted average interest rate to 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 as expenses for the current period until the acquisition, construction or production is resumed.

#### 18. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefit 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 not under common control 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 18. Intangible assets *(continued)*

Costs of mining rights included costs that were incurred to obtain the mining license and estimated mine restoration cost. Amortization 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 at each financial year-end and makes adjustment if necessary.

Intangible assets with indefinite use life (mainly the trademarks) are tested for impairment at each year-end, 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 asset with a finite useful life.

The Group classifies the expenditure in 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 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 at each year end, 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 flow 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.

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 synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 19. Impairment of assets *(continued)*

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 year 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 remunerations

Employee remunerations 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 remunerations include short-term remunerations, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Group to the spouses, children and dependents of the employees as well as families and other beneficiaries of the deceased employees remunerations are also classified into employee remunerations.

##### *Short-term remunerations*

In the accounting period in which services are rendered by employees, short-term remunerations actually incurred is recognised as liabilities and included in profit or loss for the current period or cost of underlying assets.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 21. Employee remunerations *(continued)*

##### ***Post-employment benefits (the defined contribution plan)***

The employees of the Group participate in the pension insurance and unemployment insurance scheme administered by the local government and enterprise annuity, and the corresponding expenses are included in the costs of the relevant 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 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 recognised the changes in net liabilities of the defined benefit under the finance expenses in the income statement. Service cost includes current service cost, past service costs 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 Financial Statements

For the year ended 31 December 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. Preference shares, perpetual bonds and other financial instruments

The financial instruments issued by the Group, such as perpetual bonds and preference shares, are classified as equity instruments when all of the following conditions are satisfied:

- (1) The financial instruments have no contractual obligation to pay in cash or other financial assets to other parties nor to exchange financial assets or financial liabilities under potential adverse condition with other parties;
- (2) If the financial instrument will or may be settled in the entity's own equity instruments, it is a non-derivative instrument that includes no contractual obligations to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Other than financial instruments classified as equity instruments according to the above conditions, other financial instruments issued by the Group shall be classified as financial liabilities.

The financial instruments issued by the Group which are compound financial instruments are recognised as a liability based on the fair value of the liability component, and the amount net of the fair value of the liability component from the actual amount received is recognised as "other equity instruments". Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.



## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 23. Preference shares, perpetual bonds and other financial instruments *(continued)*

For financial instruments classified as financial liabilities (such as perpetual bonds and preference shares), except borrowing costs qualifying for capitalisation, its related interest, dividends, gains or losses, and gains or losses arising from redemption or refinancing are credited to profit or loss for the current period.

For financial instruments classified as equity instruments (such as perpetual bonds and preference shares), its issue (including refinancing), repurchase, sale or cancellation are treated by the Group as changes in equity, with related transaction costs deducted from equity. The Group's distribution to holders of equity instruments are treated as a distribution of profits. Changes in the fair value of equity instruments are not recognised by the Group.

#### 24. Revenue

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

##### ***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 receipts in advance in the balance sheet.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 24. 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, or 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 incomes are credited to profit or loss in the period in which they actually arise.

#### 25. Government grants

Government grants are recognised when all attaching conditions will 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 Financial Statements

For the year ended 31 December 2015

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

#### 25. 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.

#### 26. Income tax

Income tax comprises current and deferred income tax. Income tax is recognised as an 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 amount 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 26. Income tax *(continued)*

- (2) in respect of taxable temporary differences associated with investments in subsidiaries, jointly-controlled entities 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.

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, jointly-controlled entities 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 27. Maintenance and quality guarantee funds

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

Quality guarantee fund is reserved by certain percentage of the project payment. The fund will be repaid to the constructor after the properties are completed, in condition that examined by government authorities, and with no quality issue within the agreed warranty period. The fund is accounted for under accounts payable.

#### 28. Lease

Leases that transfer substantially all the risks and rewards of ownership of assets are 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*

Rent income under an operating lease is recognised on a straight-line basis over the lease terms through profit or loss. Contingent rental incomes are credited to profit or loss in the period in which they actually arise.

##### *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.

#### 29. Distribution of profit

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

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 30. Production safety cost

Production safety cost appropriated pursuant to the related 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 separately 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.

#### 31. Fair value measurement

The Group measures its investment properties at fair value at each 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 orderly 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 market (or the most advantageous market) is a trading market that can be accessible by the Group at the measurement date. The assumptions adopted by the Group are used by market participants to maximise their economic benefits when pricing the asset or liability.

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 best use or by selling it to another market participant that would use the asset in its best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, by preferential use of relevant observable inputs, or use of unobservable inputs only if there is no observable inputs or it is not practicable to obtain them.

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 inputs, unadjusted quoted prices in active markets for identical assets or liabilities that can be obtained at the measurement date; Level 2 inputs, the observable inputs, either directly or indirectly, of the relevant assets or liabilities other than Level 1 inputs; Level 3 inputs, unobservable inputs of the relevant assets or liabilities.

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

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 32. 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 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 purpose. 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 purpose. 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 Financial Statements

For the year ended 31 December 2015

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

#### 32. Significant accounting judgments and estimates *(continued)*

##### *Classification of perpetual bonds*

As described in Note V. 41, the Group issued perpetual bonds of RMB1 billion in 2015. According to the Prospectus on 2015 First Tranche of Medium-term Notes of BBMG Corporation, the Group has no contractual obligation to repay the principal or pay interest on the bonds, namely the Group has no contractual obligation to pay in cash or other financial assets to the holders of the perpetual bonds nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds. The perpetual bonds are classified by the Group as equity instruments, and the subsequent declared distribution will be treated as distribution to the holders of the equity.

##### *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



## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 32. Significant accounting judgments and estimates *(continued)*

##### *Uncertainty of estimation (continued)*

###### *Impairment of goodwill*

The Group determines whether the goodwill is impaired at least on 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.

###### *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 realized.

###### *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 were 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 is 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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 32. Significant accounting judgments and estimates *(continued)*

##### *Uncertainty of estimation (continued)*

###### *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.

###### *Provision of decline in value of inventory*

The Group's inventory is measured at the lower of the costs and net realisable value. Net realizable 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 on such estimates will impact 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 these 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 value 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 value of relevant assets to determine the total amount of depreciation which will be included in each reporting period. Useful lives and residual value 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 Financial Statements

For the year ended 31 December 2015

### IV. TAXATION

#### (1) 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 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 of passenger in service vehicles and by tonnage of trucks, to the 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 compensatory transfer of ownership by the Group.
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 Financial Statements

For the year ended 31 December 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 Utilization of Resources and Other Products (Cai Shui [2008] No. 156) and the Supplementary Notice Concerning the Value-added Tax Policy for Comprehensive Utilization of Resources and Other Products, some of the Group's subsidiaries engaged in cement production enjoyed 100% VAT refund upon collection tax preference from January to June 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., Handan Shexian BBMG Cement Co., Ltd., Cheng'an BBMG Taihang Cement Co., Ltd., Zanhuang 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. Some of the Group's subsidiaries engaged in concrete production enjoyed the VAT exemption tax preference from January to June 2015 in respect of their eligible concrete products. Such subsidiaries include Hetian Yuhe Sand Stone Co., Ltd., Beijing BBMG Concrete Co., Ltd., Guantao BBMG Taihang Concrete Co., Ltd., Cheng'an BBMG Taihang Cement Co., Ltd., Daming BBMG Taihang Concrete 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., Handan BBMG Concrete Co., Ltd. and Weixian BBMG Concrete Co., Ltd.

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation of the PRC on Directory of Value-added Tax Concessions on Comprehensive Utilization of Goods and Services (Cai Shui [2015] No. 78) with effective from 1 July 2015, some of the Company's subsidiaries engaged in cement production enjoyed 70% VAT refund upon collection preferential policy from 1 July 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., Handan Shexian BBMG Cement Co., Ltd., Guangling Jinyu Cement Co., Ltd., Zanhuang 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., Boai BBMG Cement Co., Ltd. and Xingtai BBMG Yongning Cement Co., Ltd.

## Notes to Financial Statements

For the year ended 31 December 2015

### IV. TAXATION *(continued)*

#### (2) Tax preferences *(continued)*

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

- (2) From January to June 2015, in accordance with the Notice Concerning the Value-added Tax Policy for Comprehensive Utilization of Resources and Other Products (Cai Shui [2008] No. 156) and the Supplementary Notice Concerning the Value-added Tax Policy for Comprehensive Utilization of Resources and Other Products, Tianjin Jinyu Treasure Bright Mortar Co., Ltd. and BBMG Mortar Co., Ltd., all being the Group's subsidiaries, enjoyed the VAT exemption preferential policy in respect of their selected building materials from January to June 2015. From July to December 2015, in accordance with the Notice on Directory of Value-added Tax Concessions on Comprehensive Utilization of Goods and Services (Cai Shui [2015] No. 78), BBMG Mortar Co., Ltd. enjoyed 70% VAT refund upon collection preferential policy in respect of its small amount of products that meet the requirements on comprehensive utilization of resources. Due to failure to meet the requirements on comprehensive utilization of resources by products of Tianjin Jinyu after July 2015, the company did not apply for the refund upon collection preferential policy regarding comprehensive utilization of resources.
- (3) In accordance with the Notice Concerning the Value-added Tax Policy for Novel Wall Materials (Cai Shui [2015] No. 73), Beijing Jinyu Aerated Concrete Co., Ltd. and Tangshan Jinyu Aerated Concrete Co., Ltd., all being the Group's subsidiaries, enjoy 50% VAT refund upon collection preferential policy in respect of their novel wall materials.

# Notes to Financial Statements

For the year ended 31 December 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) In accordance with the relevant financial and tax documents, Beijing Bio-Island Science and Technology Co., Ltd., a subsidiary of the Group, complies with Products of Integrated Utilisation of Resources Utilising Waste Lead Acid Batteries, and enjoys 30% (metal and nickel-cobalt-manganese hydroxide, nickel-cobalt-manganese lithium and cobalt chloride produced by waste batteries) and 50% (industrial oil produced by waste mineral oil, such as lube base oil, gasoline and diesel) VAT refund upon collection preferential policy.
- (6) In accordance with the Notice of the State Administration of Taxation of the PRC Concerning Temporary Exemption of Value-added Tax and Business Tax of Some Small and Micro-Enterprises (Cai Shui [2013] No. 52), BBMG Human Resources Management Co., Ltd., a subsidiary of the Group, enjoys the VAT exemption as an enterprise or non-enterprise organisation with monthly sales amount of no more than RMB20,000 within small-scale VAT tax payers.

## Notes to Financial Statements

For the year ended 31 December 2015

### IV. TAXATION *(continued)*

#### (2) Tax preferences *(continued)*

##### 2. Business tax

- (1) Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd., Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd. and Beijing Bio-Island Science and Technology 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.
- (2) In accordance with the Notice of the State Administration of Taxation of the PRC Concerning Temporary Exemption of Value-added Tax and Business Tax of Some Small and Micro-Enterprises (Cai Shui [2013] No. 52), BBMG Human Resources Management Co., Ltd., a subsidiary of the Group, enjoys the business tax exemption as an enterprise or non-enterprise organisation with turnover of no more than RMB20,000 within business tax payers.

##### 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 enjoyed 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 Center 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., Beijing Dynea Chemical Industry Co., Ltd., Beijing Sanchong Mirror Co., Ltd. and Beijing Quinette Great Wall Seats Co., Ltd.

## Notes to Financial Statements

For the year ended 31 December 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) BBMG Human Resources Management Co., Ltd., Gongyi Tongda Zhongyuan Refractory Co., Ltd. and BBMG Fengshan Training Centre Co., Ltd., all being subsidiaries of the Group, enjoy tax preferences concerning small and thin profit enterprises stipulated by the State Administration of Taxation of the PRC, and are subject to corporate income tax at rate of 15%.

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Cash and bank balances

	2015	2014
Cash in stock	<b>2,078,746.90</b>	1,188,238.10
Bank deposits	<b>17,909,518,906.91</b>	10,066,508,786.59
Other cash and bank balances	<b>9,151,631.53</b>	9,656,909.05
Statutory deposit reserve placement with central bank by Finance Company	<b>449,131,405.76</b>	902,817,668.94
	<b>18,369,880,691.10</b>	10,980,171,602.68



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 1. Cash and bank balances *(continued)*

Monetary fund with restrictions

	2015	2014
Monetary fund for collateral		
Statutory deposit reserve placement		
with central bank by Finance Company	<b>449,131,405.76</b>	902,817,668.94
Deposits for letter of credit	<b>5,666,599.09</b>	45,147,170.74
Quality/performance Guarantees	<b>45,905,809.13</b>	47,217,112.71
Deposits for acceptance bills	<b>90,002,613.42</b>	65,774,311.91
Other cash and bank balances with restrictions:		
Restricted part of property pre-sale funds	<b>6,556,854,349.99</b>	3,422,787,771.29
Others	<b>8,735,045.16</b>	16,691,995.87
	<b>7,156,295,822.55</b>	4,500,436,031.46

Interest income is generated from current savings as determined by the interest rate for the savings in banks. Short-term time deposits for varying periods from 7 days to 3 months are made depending on the Group's immediate requirement for cash, and earn interest at the respective time deposit interest rates.

As at 31 December 2015, the Group has no frozen bank deposits (31 December 2014: Nil).

As at 31 December 2015, the Group's cash and bank balances deposited overseas amounted to RMB291,989,022.36 (31 December 2014: RMB924,880.55).

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 2. Bills receivable

	2015	2014
Commercial acceptance bills	<b>506,801,704.58</b>	554,063,523.20
Bank acceptance bills	<b>1,691,122,725.12</b>	2,096,964,186.58
	<b>2,197,924,429.70</b>	2,651,027,709.78

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

	2015		2014	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Commercial acceptance bills	–	<b>70,652,048.41</b>	–	157,807,360.25
Bank acceptance bills	<b>1,120,809,052.03</b>	<b>880,749,702.16</b>	1,804,158,397.17	933,652,137.04
Total	<b>1,120,809,052.03</b>	<b>951,401,750.57</b>	1,804,158,397.17	1,091,459,497.29

As at 31 December 2015, RMB7,781,993.36 were pledged to secure short-term borrowings, among which bank acceptance bills amounted to RMB2,070,000.00 and commercial acceptance bills amounted to RMB5,711,993.36 (31 December 2014: RMB4,983,581.02, all being commercial acceptance bills).

As at 31 December 2015, no bills receivable were reclassified as accounts receivable due to the drawer's inability to perform (31 December 2014: Nil).

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF 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 based on the invoice date is as follows:

	2015	2014
Within 1 year (inclusive of 1 year)	<b>6,072,110,469.07</b>	4,613,212,359.21
1 to 2 years (inclusive of 2 years)	<b>872,466,170.96</b>	869,454,190.39
2 to 3 years (inclusive of 3 years)	<b>218,502,537.36</b>	180,097,325.16
3 to 4 years (inclusive of 4 years)	<b>117,006,323.13</b>	33,917,799.92
4 to 5 years (inclusive of 5 years)	<b>28,851,473.78</b>	26,077,898.89
Over 5 years	<b>78,599,393.66</b>	62,663,210.83
	<b>7,387,536,367.96</b>	5,785,422,784.40
Less: Provision for bad debts of accounts receivable	<b>505,467,859.38</b>	380,590,250.26
	<b>6,882,068,508.58</b>	5,404,832,534.14

The movements in provision for bad debt of accounts receivable are as follows:

	2015	2014
At the beginning of the year	<b>380,590,250.26</b>	331,577,447.00
Provision for the year	<b>196,714,939.06</b>	90,855,743.03
Transferred in upon acquisition of subsidiaries	<b>150,000.01</b>	–
Reversal for the year	<b>(71,449,815.17)</b>	(39,657,429.33)
Write-off for the year	<b>(537,514.78)</b>	(2,185,510.44)
	<b>505,467,859.38</b>	380,590,250.26

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 3. Accounts receivable *(continued)*

	2015			
	Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	10,713,555.24	0.15	9,769,003.63	91.18
Provision for bad debts by credit risk characteristics group				
Within 1 year (inclusive of 1 year)	6,094,626,380.76	82.50	–	–
1 to 2 years (inclusive of 2 years)	726,463,052.92	9.83	217,986,401.48	30.00
2 to 3 years (inclusive of 3 years)	175,599,528.75	2.38	105,359,717.30	60.00
3 to 4 years (inclusive of 4 years)	58,729,119.38	0.79	49,919,751.68	85.00
4 to 5 years (inclusive of 5 years)	20,313,040.32	0.27	20,313,040.32	100.00
Over 5 years	36,655,783.58	0.50	36,655,783.58	100.00
	7,112,386,905.71	96.27	430,234,694.36	
Provision for bad debts by special credit characteristics group	136,209,504.99	1.84	–	–
Individually not significant but subject to separate provision for bad debts	128,226,402.02	1.74	65,464,161.39	51.05
	<b>7,387,536,367.96</b>	<b>100.00</b>	<b>505,467,859.38</b>	

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 3. Accounts receivable *(continued)*

	2014			
	Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Percentage (%)
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 credit risk characteristics 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	42,443,867.02	0.73	42,443,867.02	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	139,293,620.18	2.41	56,719,446.24	40.72
	5,785,422,784.40	100.00	380,590,250.26	

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 3. Accounts receivable *(continued)*

As at 31 December 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	10,713,555.24	9,769,003.63	91.18	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

During 2015, details on 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 provision for bad debts	Accumulated amount of provision for bad debts before recovery	Reversal amount
Unit C	Payment for goods received	Aging analysis	12,975,897.94	12,975,897.94
Unit D	Payment for goods received	Aging analysis	12,456,810.12	12,456,810.12
			25,432,708.06	25,432,708.06

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 3. Accounts receivable *(continued)*

The receivable from Unit C and Unit D was originally aged 1 to 2 years and 3 to 4 years respectively, and management classified it into the group with credit risk characteristics in aging and made provision for bad debts. The Group received cash repayments in the current year, and reversed the provision for bad debts previously made.

During 2014, details on 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 provision for bad debts	Accumulated amount of provision for bad debts before recovery	Reversal amount
Unit E	Payment for goods received	Aging analysis	10,142,027.70	10,142,027.70

The receivable from Unit E was originally aged over five years, and 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 E in the current year, and reversed the provision for bad debts previously made.

During 2015, no individually significant accounts receivable were written-off (2014: Nil).

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

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 3. Accounts receivable *(continued)*

As at 31 December 2015, the top 5 of accounts receivable were as follows:

	Proportion in total accounts receivable		Balance of provision for bad debts at the end of the year	
	Balance	(%)		Net amount
Unit 1	778,700,150.00	10.54	–	778,700,150.00
Unit 2	103,451,827.20	1.40	–	103,451,827.20
Unit 3	81,628,446.68	1.10	–	81,628,446.68
Unit 4	74,554,484.99	1.01	7,831,187.04	66,723,297.95
Unit 5	51,900,000.00	0.70	–	51,900,000.00
	<b>1,090,234,908.87</b>	<b>14.75</b>	<b>7,831,187.04</b>	<b>1,082,403,721.83</b>

#### 4. Prepayments

An aging analysis of prepayments is as follows:

	2015		2014	
	Balance	Proportion (%)	Balance	Proportion (%)
Within 1 year (inclusive of 1 year)	1,325,676,684.21	36.64	1,263,225,423.25	35.82
1 to 2 years (inclusive of 2 years)	62,622,924.79	1.73	2,248,767,096.28	63.75
2 to 3 years (inclusive of 3 years)	2,222,660,295.52	61.42	4,890,367.16	0.14
Over 3 years	7,718,923.26	0.21	10,098,163.31	0.29
	<b>3,618,678,827.78</b>	<b>100.00</b>	3,526,981,050.00	100.00
Less: Provision for bad debts of prepayments	<b>3,671,773.70</b>		–	
	<b>3,615,007,054.08</b>		<b>3,526,981,050.00</b>	



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. Prepayments *(continued)*

As at 31 December 2015, the significant prepayments aging over 1 year were as follows:

	Aging	Amount	Percentage of total prepayments	Reasons for being not yet settled in time
Unit 1	1-2 years, 2-3 years	2,209,291,114.88	61.05%	Time for transaction under the contract not yet due

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

	Aging	Amount	Percentage of total prepayments	Reasons for being not yet settled in time
Unit 1	1 – 2 years	2,201,202,432.38	62.41%	Time for transaction under the contract not yet due

As at 31 December 2015, the top 5 of prepayments were as follows:

	Amount	Percentage of total prepayments
Unit 1	2,441,129,537.04	67.46%
Unit 2	188,453,842.21	5.21%
Unit 3	127,855,003.88	3.53%
Unit 4	93,797,325.39	2.59%
Unit 5	80,725,255.38	2.23%
	<b>2,931,960,963.90</b>	<b>81.02%</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 5. Interests receivable

	2015	2014
Associate		
STAR-USG Building Materials Co., Ltd.	<b>6,716,763.51</b>	2,641,275.74

#### 6. Dividends receivable

	2015	2014
Associates		
Beijing Gaoqiang Concrete Co., Ltd.	<b>3,071,700.00</b>	2,190,000.00
Beijing Sinobaide Technology Co., Ltd.	<b>851,000.00</b>	-
	<b>3,922,700.00</b>	2,190,000.00

#### 7. Other receivables

An aging analysis of other receivables is as follows:

	2015	2014
Within 1 year (inclusive of 1 year)	<b>1,232,817,560.28</b>	1,155,417,729.22
1 to 2 years (inclusive of 2 years)	<b>290,574,240.69</b>	229,436,091.20
2 to 3 years (inclusive of 3 years)	<b>139,403,582.64</b>	142,918,234.48
3 to 4 years (inclusive of 4 years)	<b>40,509,641.96</b>	395,689,469.69
4 to 5 years (inclusive of 5 years)	<b>369,246,885.74</b>	3,919,836.35
Over 5 years	<b>84,361,206.55</b>	80,483,535.98
	<b>2,156,913,117.86</b>	2,007,864,896.92
Less: Provision for bad debts of other receivables	<b>158,213,408.65</b>	131,989,213.48
	<b>1,998,699,709.21</b>	1,875,875,683.44

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. Other receivables *(continued)*

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

	2015	2014
At the beginning of the year	<b>131,989,213.48</b>	120,034,651.35
Provision for the year	<b>34,050,981.19</b>	15,867,554.81
Reversal for the year	<b>(7,530,897.73)</b>	(3,154,167.64)
Write-off for the year	<b>(295,888.29)</b>	(758,825.04)
At the end of the year	<b>158,213,408.65</b>	131,989,213.48

	2015			
	Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision for bad debts	142,356,076.94	6.60	64,411,768.06	44.99
Provision for bad debts by credit risk characteristics group				
Within 1 year (inclusive of 1 year)	1,144,150,280.36	53.05	-	-
1 to 2 years (inclusive of 2 years)	19,759,230.27	0.92	5,927,769.08	30.00
2 to 3 years (inclusive of 3 years)	6,724,366.78	0.31	4,034,620.07	60.00
3 to 4 years (inclusive of 4 years)	3,253,480.99	0.15	2,765,458.84	85.00
4 to 5 years (inclusive of 5 years)	3,655,943.82	0.17	3,655,943.82	100.00
Over 5 years	39,993,452.25	1.85	39,993,452.25	100.00
	<b>1,217,536,754.47</b>	<b>56.45</b>	<b>56,377,244.06</b>	
Provision for bad debts by special credit characteristics group	754,639,802.54	34.99	-	-
Individually not significant but subject to separate provision for bad debts	42,380,483.91	1.96	37,424,396.53	88.31
	<b>2,156,913,117.86</b>	<b>100.00</b>	<b>158,213,408.65</b>	

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. Other receivables *(continued)*

	2014		2014	
	Gross carrying amount Amount	Proportion (%)	Provision for bad debts 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 credit risk characteristics group				
Within 1 year (inclusive of 1 year)	1,126,902,301.86	56.11	–	–
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 for 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>100.00</u>	<u>131,989,213.48</u>	

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. Other receivables *(continued)*

As at 31 December 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	69,192,143.88	15,000,000.00	21.68	Partly uncollectible
Second	30,379,950.00	9,113,985.00	30.00	Partly uncollectible
Third	22,732,983.06	20,246,783.06	89.06	Partly uncollectible
Fourth	20,051,000.00	20,051,000.00	100.00	Partly uncollectible
	<b>142,356,076.94</b>	<b>64,411,768.06</b>		

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	20,051,000.00	20,051,000.00	100.00	Likely uncollectible
	<b>74,128,733.06</b>	<b>49,411,768.06</b>		

Other receivables by nature were as follows:

	2015	2014
Current account with other entities	<b>829,296,425.79</b>	659,710,391.42
Deposits	<b>386,262,146.85</b>	420,966,006.38
Government grants receivable	<b>141,403,371.10</b>	242,057,644.40
Disbursements previously made	<b>147,563,888.28</b>	134,184,446.85
Reserve fund	<b>104,794,021.31</b>	94,961,753.22
Other current account	<b>389,379,855.88</b>	323,995,441.17
Total	<b>1,998,699,709.21</b>	1,875,875,683.44

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. Other receivables *(continued)*

As at 31 December 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	381,568,194.13	18.46	Current account with other entities	1 – 2 years, 4 – 5 years	–
Unit 2	120,605,148.96	5.59	Current account with other entities	Within 1 year	15,000,000.00
Unit 3	96,688,940.00	4.48	Current account with other entities	Within 1 year, 4 – 5 years	9,113,985.00
Unit 4	90,917,708.30	4.21	Government grants receivable	Within 1 year, 1 – 2 years, 2 – 3 years	–
Unit 5	55,782,501.50	2.59	Other current account	2 – 3 years	–
	<b>745,562,492.89</b>	<b>35.33</b>			<b>24,113,985.00</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. Other receivables *(continued)*

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	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	–
	<u>759,002,479.69</u>	<u>37.80</u>			<u>9,113,985.00</u>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. Other receivables *(continued)*

As at 31 December 2015, government grants receivable were as follows:

	Description of government grant	Amount	Aging	Expected time of receipt
Unit 1	Refunds of VAT	90,917,708.30	Within 1 year, 1 to 2 years, 2 to 3 years	2016
Unit 2	Refunds of VAT	30,109,494.46	1 to 2 years	2016
Unit 3	Refunds of VAT	8,211,864.55	Within 1 year	2016
Unit 4	Refunds of VAT	5,878,540.43	Within 1 year	2016
Unit 5	Refunds of VAT	2,820,834.68	Within 1 year	2016
Unit 6	Refunds of VAT	1,091,008.14	Within 1 year	2016
Unit 7	Refunds of VAT	774,888.19	Within 1 year	2016
Unit 8	Refunds of VAT	558,512.87	Within 1 year	2016
Unit 9	Refunds of VAT	367,129.98	Within 1 year	2016
Unit 10	Refunds of VAT	361,464.33	Within 1 year	2016
Unit 11	Refunds of VAT	311,925.17	Within 1 year	2016
		<b>141,403,371.10</b>		

As set out in Note IV. (2) Taxation, certain companies of the Group enjoy the preference of immediate refund of VAT levied. The above value-added tax receivable refund policies have been verified by various tax bureaus, and the management expects that the amounts will be fully recovered in 2016.



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. Other receivables *(continued)*

As at 31 December 2014, government grants receivable were as follows:

	Description of government grant	Amount	Aging	Expected time of receipt
Unit 1	Refunds of VAT	86,711,019.01	Within 1 year, 1 to 2 years	2015
Unit 2	Refunds of VAT	63,727,946.42	Within 1 year, 1 to 2 years	2015
Unit 3	Refunds of VAT	42,259,698.98	Within 1 year	2015
Unit 4	Refunds of VAT	28,432,735.63	Within 1 year	2015
Unit 5	Refunds of VAT	8,593,409.33	Within 1 year	2015
Unit 6	Refunds of VAT	5,613,228.79	Within 1 year	2015
Unit 7	Refunds of VAT	2,993,955.00	Within 1 year	2015
Unit 8	Refunds of VAT	1,698,334.98	Within 1 year	2015
Unit 9	Refunds of VAT	1,413,260.67	Within 1 year	2015
Unit 10	Refunds of VAT	371,197.85	Within 1 year	2015
Unit 11	Refunds of VAT	242,857.74	Within 1 year	2015
		<u>242,057,644.40</u>		

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Inventories

	2015		
	Gross carrying amount	Provision for decline in value	Carrying value
Raw materials	864,251,200.66	(11,855,003.79)	852,396,196.87
Work in progress	473,099,711.56	(22,921,437.80)	450,178,273.76
Finished goods	527,666,381.96	(20,746,086.99)	506,920,294.97
Turnover materials	87,020,834.91	(4,569,291.97)	82,451,542.94
Goods in stock	516,712,124.58	(1,092,050.29)	515,620,074.29
Properties under development	41,542,892,858.77	(103,385,674.96)	41,439,507,183.81
Completed properties held for sale	10,370,115,915.02	(210,002,295.72)	10,160,113,619.30
	<b>54,381,759,027.46</b>	<b>(374,571,841.52)</b>	<b>54,007,187,185.94</b>

  

	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
Work in progress	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
Properties under development	35,904,163,070.57	(7,169,850.12)	35,896,993,220.45
Completed properties held for sale	10,337,782,329.71	(53,039,299.10)	10,284,743,030.61
	<b>48,989,160,038.62</b>	<b>(136,000,618.23)</b>	<b>48,853,159,420.39</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Inventories *(continued)*

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

#### 2015

	Opening balance	Provision for the year	Decrease in the year			Closing balance
			Disposal of subsidiaries	Reversal	Write-off	
Raw materials	20,782,015.04	353,286.04	-	-	9,280,297.29	11,855,003.79
Work in progress	28,288,017.90	2,399,784.41	-	-	7,766,364.51	22,921,437.80
Finished goods	21,184,301.39	4,079,601.43	-	-	4,517,815.83	20,746,086.99
Turnover materials	4,569,291.97	-	-	-	-	4,569,291.97
Goods in stock	967,842.71	124,207.58	-	-	-	1,092,050.29
Properties under development	7,169,850.12	96,215,824.84	-	-	-	103,385,674.96
Completed properties held for sale	53,039,299.10	180,735,384.84	-	-	23,772,388.22	210,002,295.72
	<u>136,000,618.23</u>	<u>283,908,089.14</u>	<u>-</u>	<u>-</u>	<u>45,336,865.85</u>	<u>374,571,841.52</u>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Inventories *(continued)*

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

2014

	Opening balance	Provision for the year	Decrease in the year			Closing balance
			Disposal of subsidiaries	Reversal	Write-off	
Raw materials	14,018,794.74	8,134,360.10	-	-	(1,371,139.80)	20,782,015.04
Work in progress	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
Properties under development	7,169,850.12	-	-	-	-	7,169,850.12
Completed properties held for sale	-	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 31 December 2015, the balance of properties under development included the capitalized interest of RMB1,846,489,413.04 (31 December 2014: RMB1,807,296,142.72), of which RMB1,107,112,090.00 was capitalized during the current period (31 December 2014: RMB936,555,642.00), and the rate of interest capitalization was 5.31% (31 December 2014: 5.96%).

Details of pledge of inventories are set out in Note V.63.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. Inventories *(continued)*

##### 1. The breakdown of cost of properties under development:

Project name	Commencement time	Estimated completion time of the next phase	Aggregate investment	31 December 2015	31 December 2014
Chongqing – Shidaiduhui	December 2011	June 2018	2,818,620,999.22	<b>984,656,272.77</b>	1,080,980,073.03
Chongqing – Nanshanjun	December 2011	October 2020	3,372,478,050.21	<b>1,357,406,148.50</b>	1,852,912,771.53
Chengdu – Shuangliu Project	December 2012	Completed	1,519,880,000.00	–	383,947,672.30
Chengdu – Wuhou	September 2015	December 2017	2,761,300,000.00	<b>1,359,318,254.82</b>	1,151,917,404.14
Longxijun Project					
Hangzhou – Banshan Project	November 2012	December 2015	1,191,875,565.04	<b>995,143,330.79</b>	1,050,700,251.37
Hangzhou – Plot at Laochengxiang	July 2014	December 2016	2,374,000,000.00	<b>1,564,179,707.76</b>	1,423,591,937.88
Inner Mongolia – Jinyu Elegancy City	April 2013	June 2016	938,950,000.00	<b>37,051,220.58</b>	624,992,914.37
Inner Mongolia – Jinyu Global Financial Center	July 2013	June 2017	1,200,000,000.00	<b>558,719,185.50</b>	330,513,504.50
Hangzhou – Guanlan Times	March 2010	Completed	6,272,882,913.39	–	696,030,318.39
Hangzhou 2D Plot	May 2013	June 2017	598,668,946.24	<b>367,492,453.26</b>	254,808,097.51
Hangzhou 2G Plot	July 2016	October 2020	Nil for the time being	<b>35,607,771.98</b>	35,607,771.98
Hangzhou 2F Plot	July 2016	December 2020	Nil for the time being	<b>86,113,840.39</b>	86,113,840.39
Haikou – Haidianxi Project	June 2014	May 2016	1,886,070,000.00	<b>570,903,728.67</b>	706,664,031.50
Tangshan – Jinyu Lefu	March 2011	June 2016	2,478,239,600.00	<b>856,878,978.92</b>	1,030,202,052.07
Beijing – Xisanqi Commercial Residential Project	October 2012	December 2016	1,085,830,000.00	<b>731,999,448.67</b>	508,291,189.49
Tianjin – Jinyu Yuecheng	September 2010	December 2017	1,973,876,083.86	<b>1,092,034,927.08</b>	1,862,293,030.71
Tianjin – Elegancy City	May 2013	December 2016	2,138,470,000.00	<b>1,613,034,086.85</b>	1,438,924,033.42
Beijing-Jinyu Vanke City	March 2008	Plot A7 planning not completed	4,011,000,000.00	<b>24,492,957.28</b>	24,436,820.60
Beijing – Chaoyang New City	August 2013	October 2016	1,677,250,000.00	<b>177,085,802.72</b>	1,373,939,480.89
Beijing – Kanghuiyuan	February 2009	March 2016	2,220,000,000.00	<b>120,225,957.45</b>	157,385,910.56
Beijing – Hongshizuo	March 2012	June 2016	544,660,000.00	<b>454,442,874.61</b>	315,294,110.13
Beijing – Xi Hai'an	August 2012	October 2016	1,092,433,800.00	<b>270,052,059.25</b>	813,347,720.70
Beijing – Tuqiao Project	October 2009	June 2016	4,672,150,000.00	<b>99,434,053.54</b>	596,957,417.80

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 8. Inventories (continued)

##### 1. The breakdown of cost of properties under development: (continued)

Project name	Commencement time	Estimated completion time of the next phase	Aggregate investment	31 December 2015	31 December 2014
Beijing – I Cube	November 2011	Completed	880,000,000.00	-	206,549,441.95
Beijing – Phase III of Tuqiao	December 2012	June 2016	1,187,197,300.00	<b>257,642,538.56</b>	771,434,497.05
Qingdao – Plot at Jingtangshan Road	May 2013	Completed	240,000,000.00	-	192,919,692.27
Beijing – Plot 1 of Changyang University of Science and Technology (長陽理工大學)	March 2014	September 2017	3,000,000,000.00	<b>2,383,460,211.13</b>	1,979,039,306.72
Beijing – Chaoyang New City – B Plot Commercial Building	December 2012	Completed	927,138,000.00	-	154,515,565.13
Nanjing – Plot A2 of Xinglong Avenue North	March 2014	May 2017	4,540,170,000.00	<b>3,555,856,023.18</b>	3,143,982,184.42
Ma'anshan – Project at the Eastern Foot of Jiashan Hill (佳山)	May 2013	June 2016	1,052,398,300.00	<b>505,822,984.25</b>	659,655,978.61
Beijing – Phase II of Dandian	April 2014	September 2016	4,263,660,000.00	<b>2,805,047,613.78</b>	2,348,951,668.37
Beijing – Nankou Project	2015	June 2018	439,470,000.00	<b>135,298,069.38</b>	125,350,236.68
Beijing – Phase II of Xingpai	April 2014	June 2016	2,216,590,000.00	<b>1,427,529,982.99</b>	1,009,621,493.68
Shanghai – Jiading Juyuan	December 2015	December 2018	5,500,000,000.00	<b>3,063,074,318.39</b>	2,804,968,444.50
Qingdao – Qingdao Project	March 2015	December 2017	3,404,000,000.00	<b>1,613,526,703.66</b>	313,780,000.00
Beijing – Fengtai Project	March 2015	June 2017	7,000,000,000.00	<b>4,673,410,401.09</b>	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	<b>899,804,291.12</b>	751,293,501.10
Anhui – Forklift Factory Project	November 2015	August 2020	8,697,690,000.00	<b>2,283,057,476.99</b>	-
Chongqing – Xinduhui Project	December 2016 E	2019	20,117,351,300.00	<b>1,979,969,373.29</b>	-
Beijing – Houshayu Project	March 2016 E	2018	2,396,580,000.00	<b>1,906,081,988.46</b>	-
Others				<b>593,652,146.15</b>	562,078,854.71
<b>Total</b>				<b>41,439,507,183.81</b>	<b>35,896,993,220.45</b>

## Notes to Financial Statements

For the year ended 31 December 2015

**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**8. Inventories** (continued)**2. The breakdown of completed properties held for sale:**

Project name	Completion date of the latest phase	Opening balance	Increase in the year	Decrease in the year	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 2015	64,413,374.62	1,409,785,825.68	(674,501,977.46)	799,697,222.84
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	–	(6,802,549.90)	1,922,563.88
Beijing – Meiheyuan	June 2010	6,949,101.84	–	(380,834.21)	6,568,267.63
Beijing – Kanghuiyuan	March 2011	190,003,196.78	–	(7,766,039.66)	182,237,157.12
Beijing – Jiaheyuan	June 2011	4,136,765.09	–	(3,580,531.98)	556,233.11
Beijing – Tuqiao Project	October 2015	383,350,639.70	235,586,957.51	(450,688,205.72)	168,249,391.49
Beijing – Guanlan Times (觀瀾時代)	June 2013	5,235,297.72	–	–	5,235,297.72
Beijing – Yueheyuan	September 2013	436,660.80	–	(807.87)	435,852.93
Beijing – Binheyuan	June 2014	142,674,071.95	–	(29,623,955.13)	113,050,116.82
Beijing – Taiheyuan	December 2013	52,880,709.17	–	(6,905,488.64)	45,975,220.53
Beijing – Jinyu Vanke City	May 2014	93,622,256.70	–	(76,252,351.66)	17,369,905.04
Inner Mongolia – Jinyu Times City	June 2014	128,439,304.52	–	(33,441,253.72)	94,998,050.80
Inner Mongolia – Jinyu Elegancy City	October 2015	–	867,429,676.82	(483,318,405.64)	384,111,271.18
Hangzhou – Guanlan Times	February 2015	1,318,311,169.26	672,996,127.41	(579,953,657.53)	1,411,353,639.14
Beijing – Chang'an New City	December 2007	89,652,526.31	–	(8,785,101.03)	80,867,425.28
Beijing – Dachengjun	August 2012	40,088,263.05	–	(565,146.34)	39,523,116.71
Beijing – Dacheng Times Center	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 Center	December 2013	311,801,525.37	–	(273,856,637.57)	37,944,887.80
Beijing – Western Group (西組團) public facilities	January 2013	17,340,998.47	–	(14,424,609.16)	2,916,389.31
Hainan – Dacheng Business Apartments	February 2005	39,007,053.77	–	–	39,007,053.77
Haikou – Meilinghu	December 2013	17,070,809.37	–	(3,240,078.85)	13,830,730.52
Haikou – Xixili	November 2015	–	460,110,067.00	(189,449,375.13)	270,660,691.87
Tianjin – Jinyu Yuecheng	September 2015	381,323,336.57	1,033,476,304.16	(1,097,768,389.36)	317,031,251.37
Tianjin – Hongshanhuayuan	November 2015	–	294,036,139.54	(201,958,402.15)	92,077,737.39
Beijing – Jianxinyuan Affordable Housing	December 2008	75,080,168.49	–	(57,339,573.00)	17,740,595.49

# Notes to Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF 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 year	Decrease in the year	Closing balance
Beijing – Tiantan Gongguan	June 2008	21,178,888.30	–	(6,071,591.25)	15,107,297.05
Tangshan – Jinyu Lefu	September 2015	659,075,530.30	318,015,373.99	(170,152,202.85)	806,938,701.44
Beijing – Ruiheyuan	October 2014	253,627,607.54	–	(231,753,843.05)	21,873,764.49
Beijing – Phase III of Tuqiao	October 2015	–	721,749,040.01	(548,707,382.22)	173,041,657.79
Beijing – Jinyu Lanwan	October 2015	–	868,866,247.60	(578,794,250.64)	290,071,996.96
Beijing – Ziyouzhu	October 2015	–	477,168,245.90	(222,689,018.44)	254,479,227.46
Beijing – Jinyu Feili	November 2014	1,465,681,477.32	–	(1,159,586,576.83)	306,094,900.49
Beijing – I Cube	February 2015	250,851,118.05	68,390,515.12	(253,236,434.30)	66,005,198.87
Chongqing – Nanshanjun	September 2015	338,205,081.74	740,094,554.60	(227,390,552.53)	850,909,083.81
Beijing – Dacheng	December 2011	30,603,408.75	–	–	30,603,408.75
International					
Beijing – BBMG	April 2005	85,111,715.33	–	–	85,111,715.33
International (金隅國際)					
Chongqing – Shidaiduhui	September 2015	445,235,020.54	549,890,252.26	(371,728,293.68)	623,396,979.12
Hangzhou – Banshan	October 2014	725,351,771.12	–	(150,615,542.80)	574,736,228.32
Tianyuan					
Beijing – Guogongzhuang project	December 2014	1,979,650,176.99	–	(1,728,269,558.31)	251,380,618.68
Chengdu – Dachengjun	January 2015	441,810,746.80	388,221,711.06	(370,909,111.59)	459,123,346.27
Beijing – Jiapin MALL	September 2015	–	811,471,711.72	–	811,471,711.72
Qingdao – Elegancy City	November 2015	–	235,497,920.46	(179,765,090.43)	55,732,830.03
Ma'anshan – Jiashanshu (佳山墅)	November 2015	–	441,862,921.74	(314,233,626.18)	127,629,295.56
Others		49,881,383.10	68,655,495.58	(68,990,520.30)	49,546,358.38
Total		10,284,743,030.61	10,663,305,088.16	(10,787,934,499.47)	10,160,113,619.30



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 9. Other current assets

	2015	2014
Prepaid enterprise income tax	<b>448,591,818.78</b>	313,058,854.54
Prepaid land appreciation tax	<b>432,284,137.73</b>	382,120,759.19
Prepaid business tax and other tax	<b>1,021,040,014.56</b>	877,634,593.24
VAT recoverable	<b>216,933,244.79</b>	–
Deferred expenditures	<b>37,355,455.34</b>	31,439,423.90
Amortisation of long-term deferred expenditures within one year (Note V.18)	<b>28,196,215.47</b>	51,676,745.84
Others	<b>69,824,811.44</b>	65,996,165.35
	<b>2,254,225,698.11</b>	1,721,926,542.06

#### 10. Available-for-sale financial assets

	2015	2014
Unlisted investments		
Available-for-sale equity instruments	<b>604,367,250.00</b>	1,105,113,250.00

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

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 Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

- (2) As at 31 December 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:

2015:

	Book balance				Provision for impairment				Cash dividends for the year	
	Opening balance	Increase in the year	Decrease in the year	Closing balance	Opening balance	Increase in the year	Decrease	Closing balance		
							in the year			Percentage of shareholding (%)
Tianjia (Tianjin) Building Materials Company Limited (天津天建建材有限公司)	1,000,000.00	-	-	1,000,000.00	-	746,000.00	-	746,000.00	10.00	11,110.00
Chengguan Rural Credit Cooperatives, Fangshan District, Beijing (北京市房山区城关农村信用合作社)	101,000.00	-	-	101,000.00	-	-	-	-	-	-
Zhongyou Jinyu (Beijing) Oil Sales Co., Ltd. (中油金隅(北京)石油销售有限公司)	3,000,000.00	-	-	3,000,000.00	-	-	-	-	10.00	57,640.53
* Beijing Beizhuan Gas Station (北京市北砖加油站)	648,297.22	-	-	648,297.22	291,047.22	-	-	291,047.22	62.50	-
* Beijing Xinjianyuan Farmer's Market Co., Ltd. (北京市鑫建院农贸市场有限公司)	380,000.00	-	-	380,000.00	-	-	-	-	95.00	-
Beijing Tianyun Industrial Co., Ltd. (北京天云实业)	75,000.00	-	-	75,000.00	-	-	-	-	-	-
Beijing Yadu Science and Technology Co., Ltd. (北京亚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. (北京清华紫光方大高技术陶瓷有限公司)	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	-
	<u>11,417,415.76</u>	<u>-</u>	<u>-</u>	<u>11,417,415.76</u>	<u>6,304,165.76</u>	<u>746,000.00</u>	<u>-</u>	<u>7,050,165.76</u>		<u>68,750.53</u>

## Notes to Financial Statements

For the year ended 31 December 2015

**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**10. Available-for-sale financial assets** (continued)

2014:

	Book balance				Provision for impairment				Percentage of shareholding (%)	Cash dividends for the year
	Opening balance	Increase in the year	Decrease in the year	Closing balance	Opening balance	Increase in the year	Decrease in the year	Closing balance		
Tianjia (Tianjin) Building Materials Company Limited (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 (北京市房山区城農農村信用合作社)	101,000.00	-	-	101,000.00	-	-	-	-	-	10,100.00
Zhongyou Jinyu (Beijing) Oil Sales Co., Ltd. (中油金隅(北京)石油銷售有限公司)	3,000,000.00	-	-	3,000,000.00	-	-	-	-	10.00	-
* Beijing Beizhuan Gas Station (北京市北磚加油站)	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 Industrial Co., Ltd. (北京天雲實業)	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. (海南省豪家具公司)	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	-
	<u>11,417,415.76</u>	<u>-</u>	<u>-</u>	<u>11,417,415.76</u>	<u>6,013,118.54</u>	<u>291,047.22</u>	<u>-</u>	<u>6,304,165.76</u>		<u>10,100.00</u>

\* The Group holds more than 50% of the equity interest in these companies but is unable to participate in their operation and decision-making, which are therefore accounted for as available for sale financial assets.

\*\* Beijing BBMG Chengyuan Property Development Co., Ltd., a subsidiary of the Company, holds 27.14% equity interest in Beijing Tsinghua Unisplendor Founder High-Tech Ceramics Co. Ltd. ("Tsinghua Unisplendor Founder"). As the Group was unable to participate in any decisions of Tsinghua Unisplendor Founder and had no significant influence over the same, the Group did not account for it for as an associate.

# Notes to Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. Long-term equity investments

2015

	Movements during the year						Book value at the end of the year	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		
<b>Joint ventures</b>								
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	17,789,937.84	-	(15,471,053.09)	-	-	-	2,318,884.75	-
BBMG Landao Commercial Operation Management Co., Ltd. (北京藍島金商商業運營管理有限公司)	3,927,454.60	-	229,784.79	-	(282,561.84)	-	3,874,677.55	-
Subtotal of joint ventures	21,717,392.44	-	(15,241,268.30)	-	(282,561.84)	-	6,193,562.30	-
<b>Associates</b>								
Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司)	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)	97,629,252.10	-	(10,846,029.82)	-	-	-	86,783,222.28	-
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	98,362,708.22	-	772,763.99	-	-	-	99,135,472.21	-
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科學複合材料(北京)有限公司)	60,310,207.81	-	8,346,992.95	-	(4,484,672.27)	-	64,172,528.49	-
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土有限責任公司)	27,810,842.09	-	(2,775,530.36)	-	(881,700.00)	-	24,153,611.73	-
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	8,035,920.51	-	2,049,082.25	-	(851,000.00)	-	9,234,002.76	-
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd. (河北睿素固廢工程技術研究院有限公司)	-	16,020,997.00	101.90	-	-	-	16,021,098.90	-
Subtotal of associates	297,618,365.40	16,020,997.00	(2,452,619.09)	-	(6,217,372.27)	-	304,969,371.04	5,469,434.67
<b>Total</b>	<b>319,335,757.84</b>	<b>16,020,997.00</b>	<b>(17,693,887.39)</b>	<b>-</b>	<b>(6,499,934.11)</b>	<b>-</b>	<b>311,162,933.34</b>	<b>5,469,434.67</b>

## Notes to Financial Statements

For the year ended 31 December 2015

**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**11. Long-term equity investments** (continued)

2014

	Opening balance	Movements during the year				Book value at the end of the year	Provision for impairment at the end of the year
		Increase/ (decrease) in Investment	Investment gain or loss under equity method	Other movements of equity interest	Cash dividends declared		
<b>Joint ventures</b>							
STAR-USG Building Materials Co., Ltd.	68,744,196.28	-	(50,954,258.44)	-	-	17,789,937.84	-
BBMG Landao Commercial Operation Management Co., Ltd.	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	-
<b>Associates</b>							
Krono (Beijing) Flooring Co., Ltd.	5,469,434.67	-	-	-	-	5,469,434.67	5,469,434.67
Krono (Beijing) Woods Co., Ltd.	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.	54,139,111.52	-	6,171,096.29	-	-	60,310,207.81	-
Beijing Gaoqiang Concrete Co., Ltd.	27,561,913.48	-	2,438,928.61	-	(2,190,000.00)	27,810,842.09	-
Beijing Sinobaide Technology Co., Ltd.	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

The Group's long-term equity investments in joint ventures and associates are unlisted investments, which are accounted for using equity method.

**12. Investment properties**

Fair value model is applied for subsequent measurement:

2015

	<b>Buildings</b>
Opening balance	<b>14,051,809,039.03</b>
Disposal and retirement	<b>(209,192,000.00)</b>
Changes in fair value	<b>602,186,288.95</b>
Closing balance	<b>14,444,803,327.98</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 12. Investment properties (continued)

2014

	Buildings
Opening balance	13,545,900,000.00
Disposal and retirement	(5,953,882.88)
Self-occupied properties transferred from investment properties	(116,425,880.22)
Changes in fair value	<u>628,288,802.13</u>
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 future earnings method and market-based approach on an open market and existing use basis, the appraised value of which as at 31 December 2015 was RMB14,444,803,327.98 (31 December 2014: RMB14,051,809,039.03).

As at 31 December 2015, procedures for the title certificates for the investment properties with carrying amount of approximately RMB288,000,000.00 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 material adverse effect on the overall financial position of the Group as at 31 December 2015.

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

	2015	2014
Jianjin Building	<b>157,600,000.00</b>	144,400,000.00
Jinhuanyu Building	<b>130,400,000.00</b>	121,900,000.00
	<u><b>288,000,000.00</b></u>	<u>266,300,000.00</u>

Details of pledge of investment properties are set out in Note V.63.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 13. Fixed assets

2015

	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
<b>Cost</b>					
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	128,519,212.04	85,736,932.44	23,677,234.25	26,946,515.19	264,879,893.92
Transfer from					
construction in progress	420,347,918.58	413,659,387.81	146,320.04	4,476,249.35	838,629,875.78
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	(52,948,119.31)	(67,914,101.00)	(48,794,954.74)	(6,698,307.89)	(176,355,482.94)
Closing balance	<u>13,190,471,520.68</u>	<u>12,974,408,432.68</u>	<u>974,992,101.87</u>	<u>534,213,764.52</u>	<u>27,674,085,819.75</u>
<b>Accumulated depreciation</b>					
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 of the year	435,954,475.55	750,561,754.74	72,868,272.11	54,217,202.25	1,313,601,704.65
Disposal or retirement	(32,188,622.68)	(43,953,622.31)	(37,301,525.11)	(4,765,728.45)	(118,209,498.55)
Closing balance	<u>3,176,825,336.80</u>	<u>5,065,166,153.38</u>	<u>564,128,982.37</u>	<u>393,437,538.33</u>	<u>9,199,558,010.88</u>
<b>Provision for impairment</b>					
Opening balance	127,098,651.56	208,149,357.10	6,266,436.37	1,694,983.06	343,209,428.09
Provision of the year	-	5,057,246.20	-	-	5,057,246.20
Disposal or retirement	(10,357,110.37)	(3,304,094.68)	(1,191,604.01)	(55,745.40)	(14,908,554.46)
Closing balance	<u>116,741,541.19</u>	<u>209,902,508.62</u>	<u>5,074,832.36</u>	<u>1,639,237.66</u>	<u>333,358,119.83</u>
<b>Book value</b>					
At the end of the year	<u>9,896,904,642.69</u>	<u>7,699,339,770.68</u>	<u>405,788,287.14</u>	<u>139,136,988.53</u>	<u>18,141,169,689.04</u>
At the beginning 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>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 13. Fixed assets (continued)

2014

	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
<b>Cost</b>					
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>
<b>Accumulated depreciation</b>					
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>
<b>Provision for impairment</b>					
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>
<b>Book value</b>					
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 Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 13. Fixed assets *(continued)*

The book values of the fixed assets under finance leases are as follows:

	2015	2014
Machinery and equipment		
Original cost	29,168,129.40	29,168,129.40
Less: Accumulated depreciation	5,204,118.00	3,328,650.96
Book value	23,964,011.40	25,839,478.44

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

	2015	2014
Buildings	77,260,067.15	84,390,245.32

As at 31 December 2015, fixed asset for which the procedures for title certificates were yet to be completed were as follows:

	Book values	Reasons for the absence of title certificates
Office building for Chengde BBMG Cement	73,567,294.08	In process
Office building for Xuanhua BBMG Cement	34,376,072.66	Processing of certificate of land use rights is yet to be completed, in process
Office building for Zuoquan BBMG Cement	35,214,165.43	In process
	143,157,532.17	

Details of pledge of fixed assets are set out in Note V.63.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 14. Construction in progress

	2015			2014		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Beijing Liulihe Cement						
- Project concerning comprehensive utilization of fly ash	-	-	-	20,527,000.00	-	20,527,000.00
- Renovation project for line 1 coal vertical mills	-	-	-	18,857,117.45	-	18,857,117.45
- Project concerning the technological improvement of clinker	-	-	-	14,011,312.95	-	14,011,312.95
- Capacity improvement project of the disposal of fly ashes	-	-	-	15,095,172.30	-	15,095,172.30
Hebei BBMG Dingxin						
- Stripping of 2nd sub orebody	-	-	-	42,809,346.91	-	42,809,346.91
Baoding Taihang Heyi						
- Updating of raw mill energy-saving	18,278,675.83	-	18,278,675.83	-	-	-
- Environmental renovation of cement production line	-	-	-	12,227,760.52	-	12,227,760.52
Zanhuang BBMG						
- Sandstone mine	15,826,689.80	-	15,826,689.80	11,737,058.18	-	11,737,058.18
Beijing BBMG Cement 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	28,347,508.05	-	28,347,508.05	28,347,508.05	-	28,347,508.05
- Raw coal and auxiliary material shed	26,145,793.42	-	26,145,793.42	-	-	-
BBMG Mineral Industry						
- Integration of non-coal mines in Fangshan District in Xiashuang	54,621,284.23	-	54,621,284.23	50,866,885.04	-	50,866,885.04
Beijing Cement Plant						
- Construction project of limestone mine	13,992,349.63	-	13,992,349.63	120,000.00	-	120,000.00

## Notes to Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 14. Construction in progress (continued)

	2015			2014		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Xuanhua BBMG Cement						
– Project concerning completion of cement production by utilisation of carbide slag	1,591,326.53	–	1,591,326.53	15,870,585.38	–	15,870,585.38
Bo'ai BBMG Cement						
– Bo'ai Zhaihuoxiang limestone mine	10,722,641.49	–	10,722,641.49	–	–	–
Chengde BBMG Cement						
– Treatment of mine environment and other projects	5,382,792.21	–	5,382,792.21	10,416,122.21	–	10,416,122.21
– Project of 400,000 tonnes dry mix mortar	–	–	–	43,733,336.20	–	43,733,336.20
Dachang BBMG Tiantan Furniture						
– Acquisition of Dachang project	81,873,849.75	–	81,873,849.75	–	–	–
Beijing Aerated Concrete						
– logistics park project	434,077,594.22	–	434,077,594.22	168,249,241.83	–	168,249,241.83
– Small municipal project	13,000,000.00	–	13,000,000.00	–	–	–
BBMG (Dachang) Modern Industrial Park						
– Tiantan furniture project (Phase I) 7#9#12# lands standard plants	182,033,919.72	–	182,033,919.72	129,296,519.76	–	129,296,519.76
– Tiantan furniture project 4#10-2# lands standard plants	94,155,776.11	–	94,155,776.11	506,242.97	–	506,242.97
– Tiantan furniture project GSHP project	48,731,109.78	–	48,731,109.78	100,000.00	–	100,000.00
– Rock wool material shed	12,648,402.60	–	12,648,402.60	–	–	–
Hongye Ecological						
– Jianjin Building decoration project	13,580,318.50	–	13,580,318.50	–	–	–
Others	203,864,944.51	(9,686,164.06)	194,178,780.45	202,274,755.61	(9,772,164.06)	192,502,591.55
	<b>1,258,874,976.38</b>	<b>(9,686,164.06)</b>	<b>1,249,188,812.32</b>	<b>844,663,834.68</b>	<b>(9,772,164.06)</b>	<b>834,891,670.62</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 14. Construction in progress (continued)

2015

Projects	Budget (thousand RMB)	Opening balance	Increase in the year	Transferred	Other	Closing balance	Source of funding	Percentage
				to fixed assets in the year	decreases (notes)			of project investment in budget (%)
Beijing Liulih Cement								
– Renovation project for line 1 coal vertical mills	20,000	18,857,117.45	2,742,050.49	21,599,167.94	-	-	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
– Construction waste resources optimization	99,870	-	321,358.41	-	-	321,358.41	Self-financing	0.32
– Project concerning comprehensive utilisation of fly ash	61,289	20,527,000.00	1,729,525.11	22,256,525.11	-	-	Self-financing/ Borrowing	99.00
– Improvement project of the productivity of fly ash disposal line	22,960	15,095,172.30	5,590,019.65	20,685,191.95	-	-	Self-financing/ Borrowing	90.00
Hebei BBMG Dingxin								
– Upgrading of 2nd sub line 2 raw meal ball mill to roller press finish grinding mill	30,500	-	1,444,645.22	-	-	1,444,645.22	Self-financing	4.74
– Stripping of 2nd sub orebody	84,146	42,809,346.91	32,710,319.66	-	75,519,666.57	-	Self-financing	100.00
– Stripping of 1st sub orebody phase 2	127,328	-	20,664,380.20	-	20,664,380.20	-	Self-financing	98.40
– Upgrading of 2nd sub line 1 raw meal ball mill to roller press finish grinding mill	31,500	-	26,409,270.67	26,409,270.67	-	-	Self-financing	83.84
Baoding Taihang Heyi								
– Updating of raw mill energy-saving	29,840	-	18,278,675.83	-	-	18,278,675.83	Self-financing	61.26
– Environmental renovation of cement production line	20,000	12,227,760.52	8,105,952.43	20,333,712.95	-	-	Self-financing	100.00
– “Green Mine”	30,200	1,455,960.06	18,513.00	-	1,474,473.06	-	Self-financing	4.88

## Notes to Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 14. Construction in progress (continued)

2015 (continued)

Projects	Budget (thousand RMB)	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	32,933,562.77	36,231,481.84	-	-	Self-financing	61.10
Handan BBMG Taihang Cement								
– Collaborative project of the disposal of household garbage in Fengfeng mine for cement kiln	104,298	-	12,365.66	-	-	12,365.66	Self-financing	0.01
Zanhuang BBMG Cement								
– Construction of sandstone mine	42,360	11,737,058.18	4,089,631.62	-	-	15,826,689.80	Self-financing	37.36
Cement Energy Saving Technology								
– Project concerning 50,000 tonnes complex production line	31,968	11,859,538.48	7,819,526.20	19,679,064.68	-	-	Self-financing	61.56
Zhangjiakou BBMG								
– Base for fly ash	73,400	47,758,330.84	23,161,097.01	70,919,427.85	-	-	Self-financing	96.62
Quyang Jinyu Cement								
– Solid wastes treatment project	22,700	22,051.28	60,930.00	-	-	82,981.28	Self-financing	0.37
Tianjin Zhenxing Cement								
– Project concerning clinker storage tent	28,350	28,347,508.05	-	-	-	28,347,508.05	Borrowing	99.00
– Raw coal and auxiliary material shed	26,150	-	26,145,793.42	-	-	26,145,793.42	Borrowing	99.00
– Composite micro powder project	27,660	1,587,845.93	115,000.00	-	-	1,702,845.93	Self-financing	6.16
BBMG Mineral Industry								
– Integration of non-coal mines in Fangshan District	157,920	50,866,885.04	3,754,399.19	-	-	54,621,284.23	Self-financing	34.59
Beijing Cement Plant								
– Construction project of limestone mine in Xiazhuang	36,808	120,000.00	13,872,349.63	-	-	13,992,349.63	Self-financing	38.01

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 14. Construction in progress (continued)

2015 (continued)

Projects	Budget (thousand RMB)	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 (%)
Xuanhua BBMG Cement								
- Project concerning completion of cement production by utilisation of carbide slag	67,000	15,870,585.38	592,547.31	13,939,255.73	932,550.43	1,591,326.53	Self-financing	98.00
Bo'ai BBMG Cement								
- Bo'ai Zhaihuoxiang limestone mine	21,102	-	10,722,641.49	-	-	10,722,641.49	Self-financing	50.81
- Technological improvement of raw meal mill	30,650	-	9,948,018.87	-	-	9,948,018.87	Self-financing	32.46
- Upgrading of 2# cement grinding	33,980	4,100,000.00	19,677,591.22	23,777,591.22	-	-	Self-financing	69.98
BBMG Mortar								
- Pinggu production line	46,170	2,433,244.00	1,367,120.53	3,800,364.53	-	-	Self-financing	100.00
Chengde BBMG Cement								
- Treatment of mine environment and other projects	20,440	10,416,122.21	10,005,335.88	7,903,900.00	7,134,765.88	5,382,792.21	Self-financing	99.91
- Project concerning 400,000 tonnes dry mix mortar	76,720	43,733,336.20	6,862,531.12	50,595,867.32	-	-	Borrowing	65.95
Dachang BBMG Tiantan Furniture								
- Acquisition of Dachang project	685,355	-	81,873,849.75	-	-	81,873,849.75	Appropriation/ Fundraising	11.95
Beijing Aerated Concrete								
- Logistics park	1,369,000	168,249,241.83	266,132,352.39	304,000.00	-	434,077,594.22	Self-financing	31.73
Beijing Building Materials Academy								
- Construction of water-saving appliances product quality inspection center	28,850	-	320,254.72	-	-	320,254.72	Self-financing	1.11

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 14. Construction in progress *(continued)*

2015 *(continued)*

Projects	Budget (thousand RMB)	Opening balance	Increase in the year	Transferred	Other	Closing balance	Source of funding	Percentage of project investment in budget (%)
				to fixed assets in the year	decreases (notes)			
BBMG (Dachang) Modern Industrial Park								
- Tiantan furniture project 7#9#12# lands standard plants	338,849	129,296,519.76	52,737,399.96	-	-	182,033,919.72	Fundraising/ Self-financing	72.00
- Tiantan furniture project 4#10-2# lands standard plants	251,643	506,242.97	93,649,533.14	-	-	94,155,776.11	Self-financing	80.00
- Prophase of GSHP of Tiantan furniture (Phase I)	55,000	100,000.00	48,631,109.78	-	-	48,731,109.78	Self-financing	95.00
- Sanchong Mirror project	27,524	-	40,000.00	-	-	40,000.00	Self-financing	0.15
Beijing BBMG Doudian Technology - Water-saving center project	50,390	-	3,135,850.73	-	-	3,135,850.73	Borrowing	6.22
Hongye Ecological - Jianjin Building decoration project	24,000	-	13,580,318.50	-	-	13,580,318.50	Self-financing	56.58
Others		202,666,352.57	509,311,032.06	500,195,053.99	-	211,782,330.64		
Total		844,663,834.68	1,358,566,853.62	838,629,875.78	105,725,836.14	1,258,874,976.38		

Note: Other decreases mainly represent transfer of the stripping of orebody project under construction of the Company's subsidiaries, such as Luquan BBMG Dingxin Co., Ltd., to long-term deferred expenditures upon completion in the year.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 14. Construction in progress (continued)

2014

Projects	Budget (thousand RMB)	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 Liulhe 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 production 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
Luquan 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
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



## Notes to Financial Statements

For the year ended 31 December 2015

**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**14. Construction in progress** (continued)

2014 (continued)

Projects	Budget (thousand RMB)	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 (%)
Quyung 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
Tianjin Zhenxing Cement								
– Composite micro powder project	27,660	105,650.94	1,482,194.99	–	–	1,587,845.93	Self-financing	5.74
– clinker storage tent	28,350	–	28,347,508.05	–	–	28,347,508.05	Self-financing	99.00
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	67,000	43,432,719.35	22,151,745.39	49,713,879.36	–	15,870,585.38	Self-financing	97.89
Bo'ai BBMG Cement								
– Upgrading of 2# cement grinding	31,138	–	4,100,000.00	–	–	4,100,000.00	Self-financing	13.17
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

# Notes to Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14. Construction in progress (continued)

2014 (continued)

Projects	Budget (thousand RMB)	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 (%)
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	Self-financing	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 7#9#12# lands standard plant	338,849	91,395,105.76	40,314,290.42	2,412,876.42	-	129,296,519.76	Self-financing	39.02
Beijing BBMG Doudian Technology								
- 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
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		401,693,274.27	384,380,395.54	532,268,529.33	-	253,805,140.48		
Total		1,708,994,999.56	1,230,501,046.63	1,991,746,515.67	103,085,695.84	844,663,834.68		

Note: Other decreases represent transfer of the stripping of orebody project under construction of Luquan BBMG Dingxin Co., Ltd., a subsidiary of the Company, to long-term deferred expenditures upon completion in the year.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 14. Construction in progress *(continued)*

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

2015

	Progress of works (%)	Accumulated amount of interest capitalized	Of which: Interest capitalized for the year	Capitalization rate for the year (%)
Xingtai Yongning – Renovation project for raw meal mill	0.05	9,666.67	9,666.67	5.65
Tianjin Zhenxing Cement – Clinker storage tent	99.00	209,999.99	–	–
Tianjin Zhenxing Cement – Raw coal and auxiliary material shed	99.00	55,332.89	55,332.89	5.65
BBMG (Dachang) Modern Industrial Park – Tiantan furniture project 7#9#12# lands standard plants	72.00	2,412,876.42	–	–
Beijing BBMG Doudian Technology – Water-saving center project	6.23	64,659.81	64,659.81	5.65
Dachang BBMG Tiantan – Construction of Dachang project	12.00	<u>483,000.00</u>	<u>483,000.00</u>	5.65
		<u>3,235,535.78</u>	<u>612,659.37</u>	

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 14. Construction in progress *(continued)*

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

2014

	Progress of works (%)	Accumulated amount of interest capitalized	Of which: Interest capitalized for the year	Capitalization rate for the year (%)
Tianjin Zhenxing Cement – Clinker storage tent	98.00	209,999.99	209,999.99	5.96
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 7#9#12# lands standard plants	39.02	2,412,876.42	1,747,751.29	5.96
Beijing Liulihe Cement – Project concerning comprehensive utilisation of fly ash	99.00	418,103.12	–	–
		<u>3,268,976.19</u>	<u>2,185,747.94</u>	

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 14. Construction in progress *(continued)*

Provision for impairment of construction in progress for 2015:

	Opening balance	Decrease in the year	Closing balance	Reason for impairment
Luquan BBMG Dingxin – Project for the first branch	1,299,924.00	–	1,299,924.00	Recoverable amount is lower than the carry amount
Handan BBMG Taihang – Technological upgrading projects of old lines	6,009,693.38	–	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	–	751,763.47	It is expected it cannot generate assets due to suspension of construction in progress
Luquan BBMG Dingxin – Assets in Zhuozhou	656,000.00	86,000.00	570,000.00	Recoverable amount after testing is lower than the carrying amount
Jinyu Pinggu Cement – Production line renovation project	1,054,783.21	–	1,054,783.21	Dismantlement of the production line
	<b>9,772,164.06</b>	<b>86,000.00</b>	<b>9,686,164.06</b>	

#### 15. Construction materials

	2015	2014
Special-purpose equipment	17,699,818.60	20,856,003.21
Special-purpose materials	607,186.00	865,982.58
Equipment and instruments	2,113,539.30	2,161,107.44
	<b>20,420,543.90</b>	23,883,093.23
Less: Provision for impairment	13,139,064.84	13,139,064.84
	<b>7,281,479.06</b>	10,744,028.39

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. Intangible assets

2015

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
<b>Cost</b>						
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	111,317,279.43	13,874,992.43	62,743,773.40	-	-	187,936,045.26
Disposal or retirement	(2,776,800.00)	-	-	-	(31,999.96)	(2,808,799.96)
Business combination not under common control	9,684,742.72	-	15,549,500.00	-	-	25,234,242.72
Closing balance	<u>3,561,715,468.09</u>	<u>54,626,957.60</u>	<u>1,246,350,504.02</u>	<u>16,670,000.00</u>	<u>62,115,164.52</u>	<u>4,941,478,094.23</u>
<b>Accumulated depreciation</b>						
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 year	74,594,817.99	4,057,327.05	20,770,342.44	-	1,361,825.12	100,784,312.60
Disposal or retirement	(473,818.72)	-	-	-	-	(473,818.72)
Closing balance	<u>604,823,471.11</u>	<u>28,256,349.09</u>	<u>134,567,578.87</u>	<u>-</u>	<u>39,224,255.59</u>	<u>806,871,654.66</u>
<b>Provision for impairment</b>						
Opening and closing balance	-	-	40,043,841.71	5,000,000.00	2,310,000.00	47,353,841.71
<b>Book value</b>						
At the end of the year	<u>2,956,891,996.98</u>	<u>26,370,608.51</u>	<u>1,071,739,083.44</u>	<u>11,670,000.00</u>	<u>20,580,908.93</u>	<u>4,087,252,597.86</u>
At the beginning 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>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. Intangible assets *(continued)*

2014

	Land use rights	Computer software licenses	Mining rights	Trademark rights	Others	Total
<b>Cost</b>						
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 retirement	(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>
<b>Accumulated depreciation</b>						
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 retirement	(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>
<b>Provision for impairment</b>						
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>
<b>Book value</b>						
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 Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF 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:

	2015	2014
Less than 50 years	<b>2,948,140,122.80</b>	2,904,035,899.92
Longer than 50 years (inclusive)	<b>8,751,874.18</b>	8,751,874.18
Total	<b>2,956,891,996.98</b>	2,912,787,774.10

Details of pledge of intangible assets are set out in Note V.63.

As at 31 December 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 end of 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 31 December 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	122,422,311.84	In process



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 17. Goodwill

	2015	2014
Hebei BBMG Dingxin Cement Co., Ltd.	<b>189,815,999.91</b>	189,815,999.91
Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd.	<b>3,967,009.95</b>	3,967,009.95
Handan BBMG Taihang Cement Co., Ltd.	<b>26,884,752.28</b>	26,884,752.28
Beijing Taihang Qianjing Cement Co., Ltd.	<b>9,482,871.64</b>	9,482,871.64
Baoding Taihang Heyi Cement Co., Ltd.	<b>11,428,946.82</b>	11,428,946.82
Handan Taihang Cement Co., Ltd.	–	522,323.32
Beijing Qianglian Cement Co., Ltd.	<b>2,742,710.29</b>	2,742,710.29
Tianjin Zhenxing Cement Co., Ltd.	<b>10,931,009.96</b>	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	<b>56,276,121.38</b>	56,276,121.38
	<b>311,529,422.23</b>	312,051,745.55
Less: Provision for impairment of goodwill	<b>53,162,523.95</b>	50,942,136.98
	<b>258,366,898.28</b>	261,109,608.57

Movements in provision for impairment of goodwill are as follows:

#### 2015

	Opening balance	Provision for the year	Decrease in the year	Closing balance
Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd.	3,967,009.95	–	–	3,967,009.95
Handan Taihang Cement Co., Ltd.	522,323.32	–	522,323.32	–
Tianjin Zhenxing Cement Co., Ltd.	10,931,009.96	–	–	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	35,521,793.75	–	–	35,521,793.75
Beijing Qianglian Cement Co., Ltd.	–	2,742,710.29	–	2,742,710.29
	<b>50,942,136.98</b>	<b>2,742,710.29</b>	<b>522,323.32</b>	<b>53,162,523.95</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 17. Goodwill *(continued)*

##### 2014

	Opening balance	Provision for the year	Decrease in the year	Closing balance
Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd.	3,967,009.95	–	–	3,967,009.95
Handan Taihang Cement Co., Ltd.	522,323.32	–	–	522,323.32
Tianjin Zhenxing Cement Co., Ltd.	–	10,931,009.96	–	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	–	35,521,793.75	–	35,521,793.75
	<u>4,489,333.27</u>	<u>46,452,803.71</u>	<u>–</u>	<u>50,942,136.98</u>

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% – 13% (2014: 12% – 13%). The estimated cash flows of these assets groups beyond five years are determined at a fixed growth rate of 1%-3% (2014: 1%-3%) per annum. Other key assumptions adopted during the evaluation include the estimated cash inflows and outflows relevant to the estimated income and gross profit, and the above assumptions are based on the previous performance of these assets groups and the management's expectations on market development. In 2015, according to the expected cash flow of each asset group, the management made provision for impairment of goodwill of RMB2,742,710.29 for asset group Beijing Qianglian Cement Co., Ltd.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 18. Long-term deferred expenditures

2015

	Opening balance	Increase in the year	Amortisation for the year	Closing balance
Decoration	101,493,488.57	15,508,989.77	24,362,424.29	92,640,054.05
Leasehold improvement for fixed assets rented	9,725,415.39	1,445,226.70	2,713,004.23	8,457,637.86
Land lease prepayments	20,519,265.16	5,675,787.46	3,109,412.73	23,085,639.89
Cost of stripping mines	138,051,680.93	92,990,390.21	8,252,975.58	222,789,095.56
Others	71,663,999.96	66,101,679.39	51,772,512.09	85,993,167.26
	<b>341,453,850.01</b>	<b>181,722,073.53</b>	<b>90,210,328.92</b>	<b>432,965,594.62</b>
Less: amount categorised as current assets amortised within one year	<b>51,676,745.84</b>			<b>28,196,215.47</b>
	<b>289,777,104.17</b>			<b>404,769,379.15</b>

2014

	Opening balance	Increase in the year	Amortisation for the year	Closing balance
Decoration	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
	<b>234,560,683.20</b>	<b>189,983,338.28</b>	<b>83,090,171.47</b>	<b>341,453,850.01</b>
Less: amount categorised as current assets amortised within one year	<b>29,866,506.29</b>			<b>51,676,745.84</b>
	<b>204,694,176.91</b>			<b>289,777,104.17</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 19. Deferred income tax assets/liabilities

Deferred income tax assets and deferred income tax liabilities not eliminated:

	2015		2014	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
Provision for LAT	2,200,589,853.84	550,147,463.46	1,933,592,588.08	483,398,147.02
Deductible tax losses	796,346,517.08	199,086,629.27	805,209,167.64	201,302,291.91
Provisions for impairment of assets	596,664,992.72	149,166,248.18	461,011,249.24	115,252,812.31
Accrual of property development cost	1,665,751,129.96	416,437,782.49	1,651,599,904.00	412,899,976.00
Unrealised profits and losses of internal transactions	301,729,192.52	75,432,298.13	658,846,866.60	164,711,716.65
Others	133,444,037.84	33,361,009.46	93,416,238.28	23,354,059.57
	<b>5,694,525,723.96</b>	<b>1,423,631,430.99</b>	<b>5,603,676,013.84</b>	<b>1,400,919,003.46</b>

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

	2015		2014	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred income tax liabilities				
Revaluation of investment properties	7,450,667,379.00	1,839,942,690.94	6,881,625,459.26	1,717,140,788.40
Accumulated differences arising from deductible depreciation expenses	1,338,517,602.60	334,629,400.65	1,389,977,600.20	347,494,400.05
Fair value adjustment arising from business combination	689,834,401.04	172,654,291.99	719,665,612.52	179,916,403.13
Deferred relocation compensation income	1,027,900,387.29	256,975,096.82	1,045,132,851.17	261,283,212.79
Others	154,078,539.65	41,785,211.33	168,268,101.45	45,332,601.78
	<b>10,660,998,309.58</b>	<b>2,645,986,691.73</b>	<b>10,204,669,624.60</b>	<b>2,551,167,406.15</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

	2015	2014
Deductible tax losses	2,330,540,622.23	749,376,007.82
Deductible temporary differences	<u>861,316,681.39</u>	<u>612,816,931.86</u>
	<u><b>3,191,857,303.63</b></u>	<u>1,362,192,939.68</u>

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

	2015	2014
2015	–	16,149,667.58
2016	<b>25,262,717.52</b>	25,262,717.52
2017	<b>101,509,577.71</b>	168,281,878.01
2018	<b>259,929,307.90</b>	281,443,670.33
2019	<b>255,202,847.11</b>	258,238,074.38
2020	<u>1,688,636,171.99</u>	–
	<u><b>2,330,540,622.23</b></u>	<u>749,376,007.82</u>

#### 20. Other non-current assets

	2015	2014
Other non-current assets	<u><b>484,547,210.58</b></u>	<u>399,538,994.71</u>

The prepayment of RMB23,704,130.00 for acquisition of certain machinery equipment for the integration of non-coal mines project in Fangshan District by Beijing BBMG Mining Co., Ltd., a subsidiary of the Company, was projected to and presented as other non-current assets.

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 RMB460,843,080.58 as other non-current assets. The relevant receipts in advance of RMB601,559,996.42 were classified and presented as other non-current liabilities. The relevant receipts in advance of RMB601,559,996.42 were classified and presented as other non-current liabilities.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 21. Provisions for impairment of assets

2015

	Opening Balance	Provision for the year	Acquisition of subsidiaries	Disposal of subsidiaries	Decrease in the year		Closing balance
					Reversal	Write-back/ Write-off	
Provision for bad debts:	512,579,463.74	234,437,693.95	150,000.01	-	(78,980,712.90)	(833,403.07)	667,353,041.73
Of which: Accounts receivable	380,590,250.26	196,714,939.06	150,000.01	-	(71,449,815.17)	(537,514.78)	505,467,859.38
Other receivables	131,989,213.48	34,050,981.19	-	-	(7,530,897.73)	(295,888.29)	158,213,408.65
Prepayments	-	3,671,773.70	-	-	-	-	3,671,773.70
Provision for decline in value of inventories	136,000,618.23	283,908,089.14	-	-	-	(45,336,865.85)	374,571,841.52
Provision for impairment of available-for-sale financial assets	6,304,165.76	746,000.00	-	-	-	-	7,050,165.76
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	5,057,246.20	-	-	-	(14,908,554.46)	333,358,119.83
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	-	-	-	-	(86,000.00)	9,686,164.06
Provision for impairment of intangible assets	47,353,841.71	-	-	-	-	-	47,353,841.71
Provision for impairment of goodwill	50,942,136.98	2,742,710.29	-	-	-	(522,323.32)	53,162,523.95
	<b>1,124,770,318.08</b>	<b>526,891,739.58</b>	<b>150,000.01</b>	<b>-</b>	<b>(78,980,712.90)</b>	<b>(61,687,146.70)</b>	<b>1,511,144,198.07</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

2014

	Opening Balance	Provision for the year	Acquisition of subsidiaries	Disposal of subsidiaries	Decrease in the year		Closing balance
					Reversal	Write-back/ Write-off	
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 Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 22. Short-term loans

	2015	2014
Guaranteed loans (Note 1)	<b>157,000,000.00</b>	227,000,000.00
Credit loans	<b>16,100,600,000.00</b>	10,805,152,900.00
Mortgaged loans (Note 2)	<b>535,665,814.17</b>	598,500,000.00
Pledged loans (Note 3)	<b>12,730,565.36</b>	4,983,581.02
	<b>16,805,996,379.53</b>	11,635,636,481.02

Note 1: As at 31 December 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 31 December 2015 are set out in note V.63.

Note 3: As at 31 December 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.63.

As at 31 December 2015, the above loans bore an interest rate of 3.95% – 8.0% (31 December 2014: 3.95% – 8.0%) per annum.

As at 31 December 2015, the Group had no outstanding short-term loans that were due, which would be due within one year.

#### 23. Bills payable

	2015	2014
Bank acceptance bills	<b>284,654,781.83</b>	231,215,529.94
Commercial acceptance bills	<b>151,823,022.91</b>	6,000,000.00
	<b>436,477,804.74</b>	237,215,529.94

As at 31 December 2015, all the balances of this account would be due in six months.

As at 31 December 2015, the Group had no outstanding bills payable that were due (31 December 2014: Nil).



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF 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 based on the invoice date is as follows:

	2015	2014
Within 1 year	<b>6,989,394,579.52</b>	7,245,401,853.28
1 to 2 years	<b>1,018,700,066.17</b>	1,192,618,646.19
2 to 3 years	<b>282,319,386.90</b>	661,708,058.41
Over 3 years	<b>335,299,490.51</b>	197,819,647.14
	<b>8,625,713,523.10</b>	9,297,548,205.02

As at 31 December 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	1.52	Undue
Customer 2	Third party	95,300,000.00	1.10	Undue
Customer 3	Third party	72,900,000.00	0.85	Undue
Customer 4	Third party	54,062,207.96	0.63	Undue
Customer 5	Third party	37,964,260.12	0.44	Undue

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 25. Receipts in advance

An aging analysis on receipts in advance is as follows:

	2015	2014
Within 1 year	<b>16,278,569,106.85</b>	15,880,877,699.74
1 to 2 years	<b>2,716,208,419.49</b>	315,576,441.44
2 to 3 years	<b>20,374,973.91</b>	316,923,033.99
Over 3 years	<b>18,879,004.26</b>	16,291,110.46
	<b>19,034,031,504.51</b>	16,529,668,285.63

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

	2015	2014
Advances on sale of goods	<b>1,043,539,623.89</b>	1,275,459,155.09
Advances on pre-sale of properties	<b>17,484,399,244.79</b>	14,716,828,867.55
Advances on construction costs	<b>64,535,762.60</b>	89,947,788.57
Advances on rents and property fees	<b>441,556,873.23</b>	447,432,474.42
	<b>19,034,031,504.51</b>	16,529,668,285.63

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 25. Receipts in advance *(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	2015	2014
Beijing – Chaoyang New City Group EFG	March 2016	100%	17,467,142.40	50,259,788.75
Beijing – Chaoyang New City Group D	March 2016	51%	32,427,554.68	103,138,320.00
Beijing – Jinyu Town-House	March 2016	100%	12,709,436.24	19,913,809.18
Beijing – Tuqiao Huashijiang	March 2016	99%	119,274,034.44	956,910,726.23
Beijing – Tuqiao Tongheyuan	March 2016	100%	5,342,074.39	7,747,415.89
Beijing – Kanghuiyuan	March 2016	97%	2,688,858.16	4,888,394.44
Beijing – Taiheyuan	–	100%	–	20,985,602.40
Beijing – Tuqiao Ziyouzhu	March 2016	97%	235,996,469.84	81,759,375.99
Beijing – Binheyuan	March 2016	98%	7,073,792.90	33,419,442.21
Beijing – Ruiheyuan	March 2016	100%	10,729,737.60	296,630,054.08
Beijing – Meiheyuan	March 2016	100%	10,371,551.70	10,170,882.07
Beijing – Jiaheyuan	September 2016	94%	403,938,196.94	340,080,819.76
Beijing – Jinyu Lanwan	October 2016	74%	256,480,622.41	490,957,550.40
Hangzhou – Guanlan Times	January 2016	71%	109,307,158.00	169,244,818.00
Hangzhou – Banshan project	January 2016	44%	306,780,576.00	148,294,347.00
Hangzhou – Jinyu Xuefu	January 2018	17%	309,073,383.00	–
Beijing – Chang'an New City	December 2016	100%	8,175,474.26	16,594,568.26
Beijing – Dachengjun	February 2016	97%	16,059,584.00	28,188,063.00
Beijing – Liyuan Jincheng Center	January 2016	94%	6,713,872.00	77,005,400.00
Beijing – Guogongzhuang project	January 2016	70%	86,069,931.00	969,335,443.00

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 25. Receipts in advance (continued)

Projects	Expected settlement date of the next batch	Proportion of the pre-sales	2015	2014
Tianjin – Jinyu Yuecheng	October 2016	64%	587,680,883.50	1,010,031,870.00
Tianjin - Jinyu Mantang	September 2016	76%	1,107,540,385.00	446,957,700.00
Inner Mongolia – Jinyu Times City	March 2016	97%	42,177,106.27	40,104,764.28
Inner Mongolia – Jinyu Elegancy City	March 2016	77%	34,729,826.09	209,059,092.19
Inner Mongolia – Jinyu Global International Center	June 2017	16%	16,922,581.02	6,700,918.53
Tangshan – Jinyu Lefu	January 2016	80%	106,615,731.90	95,248,032.93
Beijing – Jinyu Feili	December 2016	97%	598,488,512.00	1,775,538,585.00
Beijing – Jinyu Vanke City	December 2016	100%	16,402,135.00	57,489,451.00
Haikou – Meilinghu	December 2016	100%	559,998.00	2,202,226.00
Haikou – Xixili	December 2016	45%	85,302,809.70	77,426,887.00
Chongqing – Times Metro	June 2016	44%	225,759,377.80	331,550,377.60
Chongqing – Nanshanjun	June 2016	28%	122,070,027.12	186,183,943.12
Chengdu – Shuangliu project	December 2016	92%	36,030,085.03	156,782,857.86
Chengdu – Longxijun	December 2017	23%	123,948,056.55	–
Beijing – I Cube	December 2016	99%	40,935,349.64	278,568,035.00
Qingdao – Site in Jिंगgangshan Rd.	March 2016	95%	21,954,143.95	131,831,194.88
Ma'anshan – Project at the Eastern Foot of Jiashan Hill (佳山)	June 2016	58%	94,825,745.12	234,112,760.00
Beijing – Changyang Polytechnic University Land No.1	June 2016	49%	1,202,768,505.86	709,225,812.00
Beijing – Tuqiao Phase III	March 2016	95%	114,694,894.99	505,181,423.66
Beijing – Jinyu Huixingyuan	June 2016	100%	3,257,474,360.00	1,684,223,820.00
Beijing – Jinyu Huijingyuan	October 2016	100%	5,387,690,790.00	2,805,452,720.00
Nanjing – Jinyu Zijinfu (金隅紫京府)	September 2017	38%	1,957,297,530.51	–
Beijing – Wangchuan Beiyuan	June 2018	78%	310,055,741.50	–
Beijing – Jinyu Dacheng International Center	March 2016	100%	8,000,010.00	90,483,920.00
Others			27,795,208.28	56,947,655.84
<b>Total</b>			<b>17,484,399,244.79</b>	<b>14,716,828,867.55</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 26. Wages payable

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short term remunerations	115,224,822.08	2,662,207,199.18	2,664,128,956.35	113,303,064.91
Post-employment benefits (defined contribution plan)	9,354,437.82	360,568,830.55	364,623,686.24	5,299,582.13
Termination benefits	–	53,504,489.04	53,504,489.04	–
	<b>124,579,259.90</b>	<b>3,076,280,518.77</b>	<b>3,082,257,131.63</b>	<b>118,602,647.04</b>

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short term remunerations	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	–
	<b>143,861,648.17</b>	<b>2,896,299,170.68</b>	<b>2,915,581,558.95</b>	<b>124,579,259.90</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 26. Wages payable *(continued)*

Details of short term remunerations are as follows:

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	69,597,141.90	2,083,337,510.88	2,084,098,307.88	68,836,344.90
Staff welfare	–	127,229,410.21	127,229,410.21	–
Social insurance	15,177,467.77	223,963,135.56	226,659,941.21	12,480,662.12
Including: Medical insurance	13,364,435.63	195,720,213.84	198,743,015.93	10,341,633.54
Work injury insurance	1,384,252.12	16,423,333.90	15,980,323.89	1,827,262.13
Maternity insurance	428,780.02	11,819,587.82	11,936,601.39	311,766.45
Housing funds	3,385,518.00	170,785,488.00	170,531,597.00	3,639,409.00
Union fund and employee education fund	23,530,812.57	47,186,863.24	45,970,299.92	24,747,375.89
Others	3,533,881.84	9,704,791.29	9,639,400.13	3,599,273.00
	<b>115,224,822.08</b>	<b>2,662,207,199.18</b>	<b>2,664,128,956.35</b>	<b>113,303,064.91</b>

As at 31 December 2015, there was no wages payable in arrears (31 December 2014: Nil).

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 26. Wages payable *(continued)*

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>

Details of the defined contribution plan are as follows:

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic pension	8,363,743.34	298,171,406.63	302,500,162.81	4,034,987.16
Unemployment insurance	990,694.48	18,624,015.57	18,570,754.75	1,043,955.30
Corporate annuity	–	43,773,408.35	43,552,768.68	220,639.67
	<u>9,354,437.82</u>	<u>360,568,830.55</u>	<u>364,623,686.24</u>	<u>5,299,582.13</u>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 26. Wages payable (continued)

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
Corporate annuity	–	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>

The Group participated in the pension insurance and unemployment insurance managed by local government, to which the Group and employees made contributions based on 18%-20% and 8% of the total wages in the previous year respectively. In addition, the Group also participated in the corporate annuity scheme operated and managed by a competent external management organization, to pay a certain percentage of annuity for eligible enterprises and employees.

#### 27. Taxes payable

	2015	2014
VAT	<b>38,169,213.54</b>	(245,147,313.63)
Business tax	<b>283,137,489.44</b>	124,955,318.46
Corporate income tax	<b>869,158,239.71</b>	615,401,633.08
Individual income tax	<b>10,348,293.42</b>	10,683,999.22
City maintenance and construction tax	<b>22,651,633.52</b>	11,946,839.83
Education surcharges	<b>16,437,144.17</b>	9,779,347.95
Resource tax	<b>15,544,404.80</b>	14,365,351.12
Land appreciation tax	<b>139,965,432.34</b>	102,397,072.78
Urban and rural land use tax	<b>3,752,778.19</b>	4,699,643.58
Real estate tax	<b>4,333,712.03</b>	4,243,276.53
Others	<b>61,014,932.19</b>	166,623,457.89
	<u><b>1,464,513,273.35</b></u>	<u>819,948,626.81</u>



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 28. Interest payable

	2015	2014
Interests on borrowings	<b>33,429,142.18</b>	34,757,435.49
Of which: Interests on long-term borrowings	<b>11,401,387.71</b>	14,179,935.22
Interests on short-term borrowings	<b>22,027,754.47</b>	20,577,500.27
Interests of corporate bonds	<b>395,703,901.57</b>	458,535,787.67
	<b>429,133,043.75</b>	493,293,223.16

#### 29. Dividends payable

	2015	2014
Sinoma	<b>16,770,600.00</b>	16,770,600.00
Other shareholders of the Company	<b>4,656,808.08</b>	4,529,608.09
Dividends payable to minority shareholders	<b>33,846,811.05</b>	34,222,034.61
	<b>55,274,219.13</b>	55,522,242.70

#### 30. Other payables

An aging analysis of other payables is as follows:

	2015	2014
Within 1 year	<b>1,840,342,223.96</b>	1,551,478,821.37
1 to 2 years	<b>647,886,268.40</b>	956,705,882.29
2 to 3 years	<b>240,716,925.53</b>	332,843,449.12
Over 3 years	<b>349,617,961.22</b>	237,315,286.45
	<b>3,078,563,379.11</b>	3,078,343,439.23

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 30. Other payables (continued)

An analysis on other payables by nature is as follows:

	2015	2014
Payables to related parties (Note X.7)	254,484.51	90,536,318.61
Construction costs payable	192,552,445.90	151,485,625.56
Payables for acquisition of equity investments	133,453,474.86	89,821,576.90
Payables for relocation compensation	129,601,728.45	148,475,199.63
Payables for land use right	83,173,781.00	86,687,419.01
Deposits	953,230,009.18	843,947,699.98
Amounts collected on behalf and temporary receipts	544,300,758.71	649,810,861.62
Current portion of net liabilities of defined benefit plan (Note V.36)	40,808,078.00	40,469,114.00
Freight and miscellaneous charges payable	142,354,603.27	111,730,426.91
Public maintenance fund payable	58,709,913.14	58,938,233.72
Utilities	73,161,797.16	54,307,577.78
Others	726,962,304.93	752,133,385.51
	<b>3,078,563,379.11</b>	<b>3,078,343,439.23</b>

As at 31 December 2015, significant other payables aging more than one year are as follows:

	Relationship with the Group	Amount	Percentage of total other payable (%)	Reasons for non-payment
Customer 1	Third party	149,053,519.82	4.84	Not yet settled
Customer 2	Third party	103,670,848.66	3.37	Not yet settled
Customer 3	Third party	103,250,000.00	3.35	Not yet settled
Customer 4	Third party	67,850,402.90	2.20	Not yet settled
Customer 5	Third party	57,276,993.00	1.86	Not yet settled

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 31. Non-current liabilities due within one year

	2015	2014
Long-term loans due within one year (Note 1) (Note V.33)	<b>1,810,000,000.00</b>	3,313,420,000.00
Bonds payable due within one year (Note V.34)	<b>2,093,054,949.10</b>	2,800,000,000.00
Long-term payables due within one year (Note V.35)	<b>4,449,845.03</b>	3,093,981.62
	<b>3,907,504,794.13</b>	6,116,513,981.62

Note 1:

	2015	2014
Guaranteed loans	<b>840,000,000.00</b>	1,215,920,000.00
Credit loans	<b>950,000,000.00</b>	1,050,000,000.00
Mortgaged loans	<b>20,000,000.00</b>	1,047,500,000.00
	<b>1,810,000,000.00</b>	3,313,420,000.00

#### 32. Other current liabilities

	2015	2014
Deferred income (Note V.38)	<b>53,337,631.21</b>	50,233,453.43
Accrued expenses	<b>5,177,425,819.11</b>	4,475,152,907.48
Of which: Accrued development cost	<b>2,738,960,137.54</b>	2,354,163,715.43
Accrued LAT	<b>2,306,734,216.04</b>	2,016,392,553.19
Accrued costs for treatment of solid wastes	<b>81,612,899.92</b>	37,146,667.17
Other accrued expenses	<b>50,118,565.61</b>	67,449,971.69
	<b>5,230,763,450.32</b>	4,525,386,360.91

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 32. Other current liabilities *(continued)*

Of which, the details of deferred income are as follows:

	2015	2014
Government grants related to assets		
Environmental protection projects	13,050,086.15	24,274,517.19
Cogeneration projects	2,431,609.09	4,240,700.00
Relocation compensation	9,253,056.00	9,373,319.40
Others	19,361,493.02	8,312,962.38
Government grants related to income		
Research and development funds	9,241,386.95	4,031,954.46
	<b>53,337,631.21</b>	<b>50,233,453.43</b>

#### 33. Long-term loans

	2015	2014
Mortgaged loans (Note 1)	5,019,000,000.00	5,677,000,000.00
Guaranteed loans (Note 2)	912,000,000.00	2,055,920,000.00
Credit loans	2,767,600,000.00	2,360,000,000.00
	<b>8,698,600,000.00</b>	<b>10,092,920,000.00</b>
At the end of the year	<b>8,698,600,000.00</b>	<b>10,092,920,000.00</b>
Including: Long-term loans due within one year	<b>1,810,000,000.00</b>	<b>3,313,420,000.00</b>
	<b>6,888,600,000.00</b>	<b>6,779,500,000.00</b>
Non-current portion	<b>6,888,600,000.00</b>	<b>6,779,500,000.00</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 33. Long-term loans *(continued)*

	2015	2014
Analysis of maturity of long-term loans		
Current or within one year	1,810,000,000.00	3,313,420,000.00
Over one year but not more than two years	506,000,000.00	3,329,500,000.00
Over two years but not more than five years	2,137,600,000.00	660,000,000.00
Over 5 years	4,245,000,000.00	2,790,000,000.00
	<u>8,698,600,000.00</u>	<u>10,092,920,000.00</u>

Note 1: As at 31 December 2015, the details and value of collaterals corresponding to mortgaged loans of the Group were set out in note V. 63.

Note 2: As at 31 December 2015, included in the guaranteed loans of the Group, balances of RMB840,000,000.00 were guaranteed by BBMG Group (31 December 2014: RMB840,000,000.00).

As at 31 December 2015, the above loans bore an interest rate of 1.2% – 6.55% (31 December 2014: 5.54% – 6.55%) per annum.

#### 34. Bonds payable

	2015	2014
Corporate bonds	1,893,054,949.10	1,869,911,156.24
Medium-term notes	7,000,000,000.00	9,800,000,000.00
Private bonds	5,200,000,000.00	200,000,000.00
Closing balance	14,093,054,949.10	11,869,911,156.24
Including: Bonds payable due within one year	<u>2,093,054,949.10</u>	<u>2,800,000,000.00</u>
Non-current portion	<u>12,000,000,000.00</u>	<u>9,069,911,156.24</u>

	2015	2014
Analysis of maturity of bonds payable:		
Current or within one year	2,093,054,949.10	2,800,000,000.00
Over one year but not more than two years	2,000,000,000.00	2,069,911,156.24
Over two years but not more than five years	10,000,000,000.00	7,000,000,000.00
	<u>14,093,054,949.10</u>	<u>11,869,911,156.24</u>
<b>Current portion</b>		
Short-term financing bonds	<u>6,000,000,000.00</u>	<u>6,600,000,000.00</u>

As at 31 December 2015, the short-term financing bonds above would be due within one year.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 34. Bonds payable (continued)

2015

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Redefined 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	-	82,080,000.00	23,143,792.86	-	(1,893,054,949.10)	-
3) RMB2 billion medium-term notes	RMB2 billion	20 September 2012	5 years	2,000,000,000.00	2,000,000,000.00	-	111,600,000.00	-	-	-	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	-	87,000,000.00	-	-	-	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	-	107,000,000.00	-	-	-	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	-	79,500,000.00	-	-	-	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	-	7,500,000.00	-	-	(100,000,000.00)	-
7) RMB100 million private placement bonds	RMB100 million	27 December 2014	2 years	100,000,000.00	100,000,000.00	-	5,629,919.44	-	-	(100,000,000.00)	-
8) RMB2 billion private placement bonds	RMB2 billion	5 February 2015	3 years	2,000,000,000.00	-	2,000,000,000.00	99,000,000.00	-	-	-	2,000,000,000.00
8) RMB2.5 billion private placement bonds	RMB2.5 billion	19 March 2015	3 years	2,500,000,000.00	-	2,500,000,000.00	106,925,000.00	-	-	-	2,500,000,000.00
8) RMB500 million private placement bonds	RMB500 million	20 July 2015	3 years	500,000,000.00	-	500,000,000.00	11,515,972.23	-	-	-	500,000,000.00

## Notes to Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 34. Bonds payable (continued)

2015 (continued)

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Redeemed to date within one year	Closing balance
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	-	33,133,333.33	-	(1,000,000,000.00)	-	-
9) RMB1 billion ultrashort financing bonds	RMB1 billion	16 September 2015	270 days	1,000,000,000.00	-	1,000,000,000.00	9,995,555.56	-	-	-	1,000,000,000.00
9) RMB1 billion ultrashort financing bonds	RMB1 billion	24 September 2015	180 days	1,000,000,000.00	-	1,000,000,000.00	9,306,666.67	-	-	-	1,000,000,000.00
9) RMB2 billion short-term financing bonds	RMB2 billion	14 October 2015	1 year	2,000,000,000.00	-	2,000,000,000.00	14,125,000.00	-	-	-	2,000,000,000.00
9) RMB2 billion ultrashort financing bonds	RMB2 billion	19 November 2015	93 days	2,000,000,000.00	-	2,000,000,000.00	8,427,777.78	-	-	-	2,000,000,000.00
				26,700,000,000.00	15,669,911,156.24	11,000,000,000.00	824,847,002.79	23,143,792.86	(6,600,000,000.00)	(2,093,054,949.10)	18,000,000,000.00

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 34. Bonds payable (continued)

2014

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium	Repayment during the year	Reclassified to due within one year	Closing balance
<b>Non-current portion:</b>											
1) 2009 BBMG Bond	RMB1.9 billion	27 April 2014	2 years	1,900,000,000.00	-	1,854,131,029.99	82,080,000.00	15,780,126.25	-	-	1,869,911,156.24
2) RMB2 billion medium-term notes	RMB2 billion	29 September 2010	5 years	2,000,000,000.00	2,001,500,000.00	-	87,600,000.00	-	-	(2,000,000,000.00)	-
2) RMB800 million medium-term notes	RMB800 million	7 December 2010	5 years	800,000,000.00	804,100,000.00	-	46,800,000.00	-	-	(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	-	111,600,000.00	-	-	-	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	-	87,000,000.00	-	-	-	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	22,588,888.89	-	-	-	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	9,495,833.33	-	-	-	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	125,000.00	-	-	-	100,000,000.00
7) RMB100 million private placement bonds	RMB100 million	27 December 2014	2 years	100,000,000.00	-	100,000,000.00	123,287.67	-	-	-	100,000,000.00



## Notes to Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 34. Bonds payable (continued)

2014 (continued)

	Par value	Issuance date	Term	Issuance amount	Opening balance	Issuance amount during the year	Interest charged during the year	Amortisation of discount/premium during the year	Repayment during the year	Reclassified to due within one year	Closing balance
<b>Current portion:</b>											
4) RMB2 billion short-term financing bonds	RMB2 billion	13 March 2013	1 year	2,000,000,000.00	2,000,000,000.00	-	17,554,444.44	-	(2,000,000,000.00)	-	-
4) RMB1 billion short-term financing bonds	RMB1 billion	22 July 2013	1 year	1,000,000,000.00	1,000,000,000.00	-	29,033,333.33	-	(1,000,000,000.00)	-	-
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	158,202,777.78	-	-	-	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	86,620,000.00	-	-	-	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	35,369,444.44	-	-	-	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	16,290,555.56	-	-	-	1,000,000,000.00
				21,500,000,000.00	9,305,600,000.00	12,154,131,029.99	790,483,565.44	15,780,126.25	(3,000,000,000.00)	(2,800,000,000.00)	15,669,911,156.24

# Notes to Financial Statements

For the year ended 31 December 2015

## V. NOTES TO KEY ITEMS OF 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 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%. In 2015, the above RMB2,800,000,000 was fully repaid.
- (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 for 2012 totaling RMB2,000,000,000 on 20 September 2012 with a term of 5 years and a coupon of 5.58%.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF 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 [2013] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of short-term financing bonds for 2013 from 13 March to 19 March 2013, totaling RMB2,000,000,000 with a coupon of 4.27%; and the Company issued its second tranche of short-term financing bonds for 2013 on 22 July 2013, totaling RMB1,000,000,000 with a coupon of 5.2%. Pursuant to the document Zhong Shi Xie Zhu [2014] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of short-term financing bonds for 2014 on 23 January 2014, totaling RMB2,600,000,000 with a coupon of 6.5%. The Company issued its second tranche of short-term financing bonds for 2014 on 17 March 2014, totaling RMB2,000,000,000 with a coupon of 5.49%; the Company issued its third tranche of short-term financing bonds for 2014 on 4 May 2014, totaling RMB1,000,000,000 with a coupon of 5.35%; and the Company issued its fourth tranche of short-term financing bonds for 2014 on 1 September 2014, totaling RMB1,000,000,000 with a coupon of 4.97%. In 2015, the short-term financing bonds above were fully repaid.
- (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]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 Center Co., Ltd. ("Building Material Test Center"), 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 Center 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%.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 34. Bonds payable *(continued)*

- (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%; 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%; and the Company issued its third tranche of private placement notes for 2015 on 20 July 2015, totaling RMB500,000,000 with a term of 3 years and a coupon of 5.15%.
- (9) Upon consideration and approval by the 17th meeting of the 3rd session of the Board held on 26 March 2015 and the 2014 annual general meeting of the Company held on 27 May 2015, the Company intended to issue short-term financing bonds of no more than RMB10,000,000,000. Pursuant to the document Zhong Shi Xie Zhu [2015] No. SCP219 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of ultrashort financing bonds for 2015 on 16 September 2015, totaling RMB1,000,000,000 with a term of 270 days and a coupon of 3.46%; the Company issued its second tranche of ultrashort financing bonds for 2015 on 24 September 2015, totaling RMB1,000,000,000 with a term of 180 days and a coupon of 3.49%; and the Company issued its third tranche of short-term financing bonds for 2015 on 19 November 2015, totaling RMB2,000,000,000 with a term of 93 days and a coupon of 3.70%. Pursuant to the document Zhong Shi Xie Zhu [2015] No. CP276 issued by the National Association of Financial Market Institutional Investors, the Company issued its first tranche of short-term financing bonds for 2015 on 14 October 2015, totaling RMB2,000,000,000 with a term of 366 days and a coupon of 3.39%.

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 Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 35. Long-term payables

	2015	2014
Finance leases	<b>23,504,172.56</b>	25,303,354.18
Including: Long-term payables due within one year	<b>4,449,845.03</b>	3,093,981.62
Non-current portion	<b>19,054,327.53</b>	22,209,372.56

  

	2015	2014
Analysis of maturity of long-term payables		
Current or within one year	<b>4,449,845.03</b>	3,093,981.62
Over one year but not more than two years	<b>3,519,625.48</b>	3,299,945.03
Over two years but not more than five years	<b>14,384,802.05</b>	11,277,416.77
Over five years	<b>1,149,900.00</b>	7,632,010.76
	<b>23,504,172.56</b>	25,303,354.18

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 31 December 2015, RMB4,151,447.71 (31 December 2014: RMB5,706,110.96) was unrecognised finance lease payment.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 36. Long-term wages payable

	2015	2014
Net liabilities of defined benefit plan	<b>457,687,351.00</b>	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 31 December 2015 using the projected accumulated benefit units method.

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

	2015	2014
Discount rate (%)	<b>3.00%</b>	3.50%-3.75%
Expected growth rate of future retiree benefit costs (%)	<b>2.50%</b>	2.50%

The following table sets forth the quantitative sensitivity analysis of significant assumptions used:

#### 2015

	Increase/(decrease) in present value		Increase/(decrease) in present value	
	Increase (%)	of defined benefit obligations	Decrease (%)	of defined benefit obligations
Discount rate (%)	<b>0.25</b>	<b>(11,527,881)</b>	<b>(0.25)</b>	<b>12,034,996</b>
Expected growth rate of future retiree benefit costs (%)	<b>0.50</b>	<b>21,499,341</b>	<b>(0.50)</b>	<b>(19,845,830)</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

2014

	Increase (%)	Increase/(decrease) in present value	Decrease (%)	Increase/(decrease) in present value
		of defined benefit obligations		of defined benefit 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. The sensitivity analysis is based on changes in major assumptions with other assumptions remain unchanged. As changes in assumptions are always not isolated from each other, the sensitivity analysis may not represent the actual changes in the defined benefit obligations.

Relevant costs recognised in the income statement are as follows:

	2015	2014
Net interest expenses charged to finance expenses	<b>17,474,961.00</b>	20,694,834.00

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

	2015	2014
Amount at the beginning of the year	<b>484,655,048.00</b>	463,609,177.00
Interest expenses for the year	<b>17,474,961.00</b>	20,694,834.00
Welfare benefits paid for the year	<b>(35,986,471.00)</b>	(35,929,196.00)
Actuarial gains recognised in other comprehensive income	<b>32,351,891.00</b>	36,280,233.00
Of which: Actuarial changes arising from changes in financial assumptions	<b>33,019,286.00</b>	41,198,935.00
Actuarial gains on difference in experience	<b>(667,395.00)</b>	(4,918,702.00)
Amount at the end of the year	<b>498,495,429.00</b>	484,655,048.00
Of which: Current portion of net liabilities of defined benefit plan	<b>40,808,078.00</b>	40,469,114.00
Non-current portion	<b>457,687,351.00</b>	444,185,934.00

Expected future payments to the defined benefit plan:

	2015	2014
Within 1 year	<b>40,808,078.00</b>	40,469,114.00
2 to 5 years	<b>150,932,689.00</b>	152,288,171.00
6 to 10 years	<b>154,118,700.00</b>	159,464,115.00
Over 10 years	<b>340,734,745.00</b>	372,625,035.00
	<b>686,594,212.00</b>	724,846,435.00



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 37. Accrued liabilities

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance	
Accrued concrete loss	35,643,991.53	4,619,101.58	–	40,263,093.11	Note 1
Restoration cost of mines	65,434,291.01	36,061,253.51	5,312,285.35	96,183,259.17	Note 2
	<b>101,078,282.54</b>	<b>40,680,355.09</b>	<b>5,312,285.35</b>	<b>136,446,352.28</b>	

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	–	
	<b>101,979,128.78</b>	<b>13,524,173.86</b>	<b>14,425,020.10</b>	<b>101,078,282.54</b>	

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.

#### 38. Deferred income

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Government grants	691,908,203.23	65,631,597.06	75,280,989.39	682,258,810.90

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

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 38. Deferred income *(continued)*

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

	2015	2014
Government grants related to assets		
Environmental protection projects	<b>151,013,471.91</b>	337,330,021.73
Cogeneration projects	<b>11,767,964.17</b>	13,710,684.37
Relocation compensation	<b>214,553,423.30</b>	281,261,316.02
Others	<b>295,622,564.53</b>	54,047,559.98
Government grants related to income		
Research and development funds	<b>9,301,386.99</b>	5,558,621.13
Closing balance	<b>682,258,810.90</b>	691,908,203.23
Including: Deferred income carried over within one year and included in current liabilities	<b>53,337,631.21</b>	50,233,453.43
Non-current portion	<b>628,921,179.69</b>	641,674,749.80

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 38. Deferred income *(continued)*

As at 31 December 2015, the major 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	225,988,588.66	–	13,977,159.78	212,011,428.88	Related to assets
Subsidy for environmental protection equipment for Bio-Island project	203,229,739.86	–	15,375,917.64	187,853,822.22	Related to assets
Appropriation for mud project of Beijing Cement Plant	36,829,722.21	–	2,976,666.67	33,853,055.54	Related to assets
Relocation compensation for Jianji	55,272,727.36	–	1,842,424.20	53,430,303.16	Related to assets
Subsidy for Zanhuang – 2,500 tonnes new dry method clinker production line project	9,437,777.77	–	730,666.67	8,707,111.10	Related to assets
Clinker storage tent of Zhenxing	–	10,080,000.00	–	10,080,000.00	Related to assets
Air pollution control project of Zanhuang	–	8,097,500.00	–	8,097,500.00	Related to assets
Heat supply renovation project of Liulihe	–	7,500,000.00	–	7,500,000.00	Related to assets

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 38. Deferred income *(continued)*

As at 31 December 2014, the major 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

	2015	2014
Other non-current liabilities (Note V. 20)	<b>601,559,996.42</b>	314,199,998.01

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 40. Share capital

2015

	Increase/(decrease) in the year				Closing balance
	Opening balance	Issue of new shares	Shares released from lock-up period	Subtotal	
<b>I. Shares subject to lock-up restriction</b>					
1. State-owned legal person shareholdings	448,028,673.00	147,995,287.00	-	147,995,287.00	596,023,960.00
2. Other domestic shareholdings	55,826,551.00	406,249,996.00	-	406,249,996.00	462,076,547.00
3. Foreign shareholdings	-	-	-	-	-
Total shares subject to lock-up restriction	<u>503,855,224.00</u>	<u>554,245,283.00</u>	<u>-</u>	<u>554,245,283.00</u>	<u>1,058,100,507.00</u>
<b>II. Shares not subject to lock-up restriction</b>					
1. RMB ordinary shares	3,111,402,625.00	-	-	-	3,111,402,625.00
2. Foreign listed shares	<u>1,169,382,435.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,382,435.00</u>
Total shares not subject to lock-up restriction	<u>4,280,785,060.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,280,785,060.00</u>
Total share capital	<u>4,784,640,284.00</u>	<u>554,245,283.00</u>	<u>-</u>	<u>554,245,283.00</u>	<u>5,338,885,567.00</u>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 40. Share capital (continued)

2014

	Opening balance	Increase/(decrease) in the year			Closing balance
		Issue of new shares	Shares released from lock-up period	Subtotal	
<b>I. Shares subject to lock-up restriction</b>					
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
3. Foreign shareholdings	–	–	–	–	–
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
<b>II. Shares not subject to lock-up restriction</b>					
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

As resolved by the Company's annual general meeting for 2014 held on 27 May 2015 and under the approval (Zheng Jian Xu Ke [2015] No. 2336) of CSRC on 23 October 2015, the Company issued 554,245,283 RMB ordinary shares (A Shares) at an issue price of RMB8.48 per share to not more than ten specific investors, including BBMG Group, by way of non-public issue on 30 November 2015. The net proceeds after deducting issue expenses was RMB4,637,875,039.84, of which RMB554,245,283.00 was paid-up capital, and share premium of RMB4,083,629,756.84 was included in the capital reserve. The fund raised through non-public offering of A-shares was verified by Ernst & Young Hua Ming LLP with the Capital Verification Report (Ernst & Young Hua Ming (2015) Yan Zi No. 60667053\_A01).

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 41. Other equity instruments

The Company issued RMB5 billion medium-term notes in aggregate registered with the National Association of Financial Market Institutional Investors in 2015. On 15 October 2015, the Company issued 10,000,000 medium-term notes at par value of RMB100 to specific investors, and the actual proceeds after deducting related issue expenses amounted to RMB990,000,000.00. According to the Prospectus on 2015 First Tranche of Medium-term Notes of BBMG Corporation, the major terms of the medium-term notes are as follows:

**Maturity date:** The medium-term notes have no fixed maturity date, which are on a long-term basis until redemption by the Company according to the issuance provisions, and will expire when the Company redeems the notes according to the issuance provisions.

**Distribution payment date:** 16 October each year from the issue date (if the date falls on a statutory holiday, such date shall be extended to the next following business day).

**Deferred distribution:** Unless a mandatory interest payment event has occurred, on each interest payment date of the medium-term notes of the year, the Company can elect to defer payment of interest due and all interest deferred according to the issuance provisions and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The foregoing deferred interest payment does not make the Company fail to pay the interest in full according to the contract. Interest shall accrue on the deferred interest at the prevailing coupon rate over the period of deferral.

**Mandatory distribution payment events:** If any of the following events occurs within 12 months prior to the interest payment date, the Company shall not defer the payment of interest due or interest deferred pursuant to this term and its fruits:

- (1) distributing dividends to ordinary shareholders;
- (2) reducing the registered capital.

**Redemption and purchase:** The Company is entitled to redeem the medium-term notes at par value plus payable interest (including all deferred interest) on the fifth and each of the subsequent interest payment dates of the medium-term notes.

In view of the above characteristics of the medium-term notes, the Company has no contractual obligation to repay the principal or pay interest on the bonds, namely the Company has no contractual obligation to pay in cash or other financial assets to the holders of the perpetual bonds nor to exchange financial assets or financial liabilities under potential adverse condition with the holders of the perpetual bonds. The perpetual bonds were accounted for by the Company based on the net proceeds after deducting issue expenses and included in other equity instruments, and the relevant coupon payments declared will be treated as distribution to the holders of the equity.

As at 31 December 2015, there was no accrued interest unpaid in the period.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 42. Capital reserve

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	7,898,685,039.67	4,085,081,798.70	404,062,262.81	11,579,704,575.56

2014

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

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

#### 43. Other comprehensive income

Accumulated balance of other comprehensive income in the consolidated balance sheet:

	1 January 2014		31 December 2014		31 December 2015
		Increase/decrease		Increase/decrease	
Re-measurement of changes in net liabilities of defined benefit plan	73,142,405.00	(36,280,233.00)	36,862,172.00	(32,351,891.00)	4,510,281.00
Transfer of inventories/self-occupied properties into investment properties	198,068,231.31	–	198,068,231.31	–	198,068,231.31
Foreign currency translation	(130,382.81)	(86.87)	(130,469.68)	3,599,307.10	3,468,837.42
	271,080,253.50	(36,280,319.87)	234,799,933.63	(28,752,583.90)	206,047,349.73



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 43. Other comprehensive income *(continued)*

Amount of other comprehensive income in the consolidated income statement for the period:

2015

	Less: Amount transferred for the period for those previously included in other comprehensive income				
	Amount before tax	comprehensive income	Less: Income tax	Attributable to parent company	Attributable to minority interests
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	(32,351,891.00)	-	-	(32,351,891.00)	-
Other comprehensive income that will be reclassified to profit or loss in subsequent periods					
Exchange differences on foreign currency translation	3,599,307.10	-	-	3,599,307.10	-
	<b>(28,752,583.90)</b>	<b>-</b>	<b>-</b>	<b>(28,752,583.90)</b>	<b>-</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 43. Other comprehensive income *(continued)*

2014

	Amount before tax	Less: Amount transferred for the period for those previously included in other comprehensive income	Less: Income tax	Attributable to parent company	Attributable to minority interests
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	(36,280,233.00)	–	–	(36,280,233.00)	–
Other comprehensive income that will be reclassified to profit or loss in subsequent periods					
Exchange differences on foreign currency translation	(86.87)	–	–	(86.87)	–
	<u>(36,280,319.87)</u>	<u>–</u>	<u>–</u>	<u>(36,280,319.87)</u>	<u>–</u>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 44. Specific reserve

2015

	Opening balance	Amount provided for the year	Amount paid for the year	Closing balance
Production safety cost	<u>7,925,485.30</u>	<u>20,401,781.40</u>	<u>19,430,784.83</u>	<u>8,896,481.87</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 and the State Administration of Work Safety, the Group began to accrue production safety fund for the stipulated non-metal mineral products industries at a fixed amount from 2012, the details of which are set out in Note III 30. Production safety cost.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 45. Surplus reserve

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	<u>828,495,276.27</u>	<u>224,790,693.40</u>	<u>-</u>	<u>1,053,285,969.67</u>

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 exceeded 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 reserve. Upon approval, discretionary surplus reserve can be used to make up for accumulated losses or to increase the share capital.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 46. General risk reserve

2015

	Opening balance	Increase in the year	Decrease in the year	Closing balance
General risk reserve	<b>37,637,667.87</b>	<b>22,355,525.99</b>	-	<b>59,993,193.86</b>

2014

	Opening balance	Increase in the year	Decrease in the year	Closing balance
General risk reserve	698,454.78	36,939,213.09	-	37,637,667.87

The general risk reserve 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 year 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.

#### 47. Retained earnings

	2015
Retained earnings as at the end of the previous year	<b>17,315,084,511.06</b>
Net profit attributable to the owners of the parent company	<b>2,017,453,761.39</b>
Less: Cash dividends declared for ordinary shares (Note 1)	<b>239,232,014.20</b>
Less: Appropriation of surplus reserve (Note V. 45)	<b>224,790,693.40</b>
Less: Appropriation of general risk reserve (Note V. 46)	<b>22,355,525.99</b>
Retained earnings at the end of the year	<b>18,846,160,038.86</b>

Note 1: Upon the consideration and approval by the 2014 annual general meeting of the Company convened on 27 May 2015, profit distribution for the year 2014 was calculated based on 4,784,640,284 ordinary shares in issue as of 26 March 2015, 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.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 48. 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 and total rental income received and receivable, etc.

Operating revenues are as follows:

	2015		2014	
	Revenue	Cost	Revenue	Cost
Principal operations	40,361,071,937.53	30,133,279,924.52	40,562,372,183.88	30,895,031,946.73
Other operations	564,268,923.87	392,761,417.61	679,101,670.09	377,788,513.12
	<b>40,925,340,861.40</b>	<b>30,526,041,342.13</b>	<b>41,241,473,853.97</b>	<b>31,272,820,459.85</b>

Information of principal operations by product:

	2015		2014	
	Revenue	Cost	Revenue	Cost
Sale of products	13,382,602,735.10	11,371,135,051.70	15,689,859,017.19	12,999,770,168.85
Bulk commodity trade	5,869,524,945.08	5,818,062,509.46	5,424,143,913.90	5,380,295,417.51
Sale of properties	17,096,637,178.00	10,787,934,499.47	15,512,163,016.00	10,147,096,950.51
Including: Sale of affordable properties	1,751,768,529.72	1,178,634,473.24	3,915,176,571.66	3,065,256,090.27
Rental income from investment properties	1,145,343,672.11	124,662,506.88	1,000,776,292.60	163,417,401.08
Property management	705,691,227.79	502,901,078.00	659,141,722.27	431,014,225.00
Hotel management	391,815,398.00	209,692,894.00	361,044,037.45	185,669,641.00
Income from decoration	891,130,929.85	791,494,497.92	1,142,546,208.85	1,086,744,956.05
Treatment of solid wastes	496,037,477.15	354,526,396.36	417,018,624.03	314,932,866.23
Others	382,288,374.45	172,870,490.73	355,679,351.59	186,090,320.50
	<b>40,361,071,937.53</b>	<b>30,133,279,924.52</b>	<b>40,562,372,183.88</b>	<b>30,895,031,946.73</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 48. Operating revenues and operating costs *(continued)*

Operating revenues are as follows:

	2015	2014
Sale of products	<b>13,382,602,735.10</b>	15,689,859,017.19
Bulk commodity trade	<b>5,869,524,945.08</b>	5,424,143,913.90
Sale of properties	<b>17,096,637,178.00</b>	15,512,163,016.00
Rental income	<b>1,248,492,990.38</b>	1,237,453,945.68
Including: Rental income from investment properties	<b>1,145,343,672.11</b>	1,000,776,292.60
Other rental income	<b>103,149,318.27</b>	236,677,653.08
Property management	<b>705,691,227.79</b>	659,141,722.27
Hotel management	<b>391,815,398.00</b>	361,044,037.45
Income from decoration	<b>891,130,929.85</b>	1,142,546,208.85
Treatment of solid wastes	<b>496,037,477.15</b>	417,018,624.03
Revenue from the rendering of services	<b>244,045,228.53</b>	157,418,712.13
Others	<b>599,362,751.52</b>	640,684,656.47
	<b>40,925,340,861.40</b>	41,241,473,853.97

#### 49. Business tax and surcharges

	2015	2014
Business tax	<b>1,064,110,057.27</b>	954,516,130.58
City maintenance and construction tax	<b>105,274,664.34</b>	100,877,170.86
Education surcharge	<b>77,162,684.26</b>	76,300,823.40
LAT	<b>924,521,569.80</b>	649,335,820.46
Others	<b>7,372,399.26</b>	8,379,111.50
	<b>2,178,441,374.93</b>	1,789,409,056.80

See Note IV. Taxation for tax base.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 50. Selling expenses

	2015	2014
Employee remunerations	446,047,958.70	399,231,992.32
Office and service expenses	128,573,552.86	126,220,204.25
Lease fee	102,068,085.22	96,735,286.57
Agency intermediary fee	208,738,982.45	237,316,560.71
Advertisement fee	317,354,417.96	283,571,577.26
Transportation expenses	320,513,577.91	345,144,932.72
Others	22,861,865.80	33,347,955.49
	<b>1,546,158,440.90</b>	<b>1,521,568,509.32</b>

#### 51. Administrative expenses

	2015	2014
Employee remunerations	1,393,839,121.58	1,321,543,434.14
Office expenses	440,079,067.66	444,422,510.91
R&D expenses	78,650,967.92	67,714,679.20
Professional fees	108,661,624.04	111,781,682.95
Lease and utilities	122,874,716.78	103,248,536.10
Tax	209,233,685.11	219,798,031.89
Sewage and afforestation fees	58,029,388.63	59,722,970.00
Others	562,442,024.61	558,372,576.01
	<b>2,973,810,596.33</b>	<b>2,886,604,421.20</b>

The above-mentioned administrative expenses included the auditor's remuneration for the audit of the annual report and review of the interim report of the Company and the audit of the annual reports of its subsidiaries of RMB12,200,000.00 (2014: RMB12,200,000.00).



## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 52. Finance costs

	2015	2014
Interest expenses	<b>2,406,286,038.10</b>	2,146,738,289.01
Including: Interests on bank loans and other loans to be fully repaid within 5 years	<b>2,406,286,038.10</b>	2,146,738,289.01
Less: Interest income	<b>(47,628,427.86)</b>	(63,997,835.18)
Less: Capitalised interest (Note)	<b>(1,110,494,903.59)</b>	(963,251,872.63)
Exchange gains and losses	<b>2,042,411.88</b>	1,057,924.80
Bank charges	<b>60,658,801.99</b>	59,048,528.92
Others	<b>24,682,273.95</b>	29,842,079.67
	<b>1,335,546,194.47</b>	1,209,437,114.59

Note: The amount of capitalized interest has been included in the balances of construction in progress of RMB3,382,813.59 and costs of properties under development of RMB1,107,112,090.00.

#### 53. Asset impairment losses

	2015	2014
Losses on bad debts	<b>155,456,981.05</b>	63,911,700.87
Losses on decline in value of inventory	<b>283,908,089.14</b>	95,020,019.43
Losses on impairment of fixed assets	<b>5,057,246.20</b>	4,329,345.12
Losses on impairment of available-for-sale financial assets	<b>746,000.00</b>	291,047.22
Losses on impairment of construction materials	–	433,147.13
Losses on impairment of goodwill	<b>2,742,710.29</b>	46,452,803.71
	<b>447,911,026.68</b>	210,438,063.48

#### 54. Gains from changes in fair value

	2015	2014
Investment properties measured at fair value	<b>602,186,288.95</b>	628,288,802.13

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 55. Investment gains/(losses)

	2015	2014
Long-term equity investment gains measured under cost method	<b>68,750.53</b>	10,100.00
Long-term equity investment losses measured under equity method	<b>(17,693,887.39)</b>	(28,449,783.58)
	<b>(17,625,136.86)</b>	(28,439,683.58)

There were no significant restrictions on the repatriation of investment income of the Group as of 31 December 2015. In 2015, there was no income arising from investment in listed equities within the Group's investment income (2014: Nil).

#### 56. Non-operating revenue

	2015	2014	Recognised in non-recurring profit and loss items for the year 2015
Gains from disposal of non-current assets	<b>12,401,002.69</b>	140,661,272.43	12,401,002.69
Of which: Gains from disposal of fixed assets	<b>12,401,002.69</b>	140,661,272.43	12,401,002.69
Gains from debt restructuring	<b>355,230.51</b>	8,490,521.55	355,230.51
Net gains from fines	<b>22,411,293.21</b>	12,711,481.51	22,411,293.21
Government grants	<b>603,719,611.73</b>	674,035,858.55	392,462,100.40
Unpayable amounts	<b>43,227,144.91</b>	19,029,226.18	43,227,144.91
Others	<b>60,024,421.62</b>	49,062,579.24	60,024,421.62
	<b>742,138,704.67</b>	903,990,939.46	530,881,193.34

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 56. Non-operating revenue *(continued)*

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

	2015	2014	related to asset/income
Refunds of VAT	<b>193,061,858.89</b>	409,129,307.62	related to income
Income from relocation compensation	<b>133,936,454.79</b>	31,460,100.00	related to asset/income
Income from other subsidies	<b>258,525,645.61</b>	225,749,037.57	related to asset/income
Grants of sale of heat	<b>18,195,652.44</b>	7,697,413.36	related to income
	<b>603,719,611.73</b>	674,035,858.55	

#### 57. Non-operating expenses

	2015	2014	Recognised in non-recurring profit and loss items for the year 2015
Losses from disposal of non-current assets	<b>37,467,850.47</b>	12,792,410.98	37,467,850.47
Among which: Losses from disposal of			
fixed assets	<b>37,467,850.47</b>	12,783,456.96	37,467,850.47
Others	–	8,954.02	–
Abnormal losses	–	733,745.56	–
Losses from debt restructuring	<b>405,418.66</b>	740,284.46	405,418.66
Charity donation expenses	<b>1,276,461.61</b>	1,108,057.91	1,276,461.61
Expense on compensation, penalties and fines	<b>11,950,874.98</b>	29,723,781.99	11,950,874.98
Others	<b>10,376,642.92</b>	6,592,862.71	10,376,642.92
	<b>61,477,248.64</b>	51,691,143.61	61,477,248.64

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 58. Expenses by nature

The supplement information on the Group's operating costs, selling expenses and administrative expenses by nature is as follows:

	2015	2014
Consumption of raw materials	<b>6,268,035,996.88</b>	7,617,281,429.94
Procurement costs of tradable goods	<b>6,861,183,329.55</b>	6,750,477,316.19
Cost of sales of real estate	<b>10,787,934,499.47</b>	10,147,096,950.51
Changes in work in progress, finished goods and trading goods	<b>151,199,521.68</b>	16,622,986.65
Employees' remuneration expenses	<b>3,076,280,518.77</b>	2,896,299,170.68
Depreciation and amortisation	<b>1,504,596,346.17</b>	1,396,234,734.42
Rentals	<b>356,599,915.25</b>	328,072,034.37
Maintenance expenses	<b>522,667,313.82</b>	521,093,160.65
Fuel and energy costs	<b>1,655,121,416.59</b>	1,837,167,232.36
Transportation fee	<b>462,547,432.38</b>	576,812,933.84
Advertising and marketing costs	<b>312,699,658.05</b>	283,571,577.26
Office expenses	<b>112,982,685.21</b>	115,970,622.82
Losses from suspension of production	<b>123,840,192.26</b>	90,614,959.26
Intermediary fee	<b>322,055,366.40</b>	349,098,243.66
Others	<b>2,528,266,186.88</b>	2,754,580,037.76
	<b>35,046,010,379.36</b>	35,680,993,390.37

#### 59. Income tax expenses

	2015	2014
Current income tax expenses	<b>1,155,258,542.69</b>	1,193,655,803.90
Deferred income tax expenses	<b>76,328,153.59</b>	(99,282,749.04)
	<b>1,231,586,696.28</b>	1,094,373,054.86

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 59. Income tax expenses *(continued)*

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

	2015	2014
Total profit	<b>3,182,654,494.08</b>	3,803,345,143.13
Income tax expenses calculated at statutory tax rate of 25% (Note 1)	<b>795,663,623.52</b>	950,836,285.78
Effect of different tax rates applicable to certain subsidiaries	<b>(15,711,102.68)</b>	(14,587,798.91)
Tax effect of share of profits and losses of jointly-controlled entities and associates	<b>4,423,471.85</b>	7,112,445.90
Income not subject to tax	<b>(157,251.41)</b>	(1,030,166.81)
Expenses not deductible for tax	<b>12,441,699.66</b>	38,526,104.82
Deductible temporary differences and deductible loss utilised from previous years	<b>(46,655,369.56)</b>	(3,415,482.79)
Adjustments in respect of current income tax of previous periods	<b>(2,702,355.48)</b>	8,132,805.87
Deductible temporary differences and deductible loss not recognised (Note V.19)	<b>484,283,980.38</b>	108,798,861.00
	<b>1,231,586,696.28</b>	1,094,373,054.86

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 share of taxes attributable to jointly-controlled entities and associates for the year 2015 were RMB76,594.94 and RMB3,840,940.14 respectively (2014: RMB103,329.30 and RMB1,318,271.70 respectively).

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 60. 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:

	2015	2014
<b>Earnings</b>		
Net profit for the year attributable to the ordinary shareholders of the Company	<b>2,017,453,761.39</b>	2,422,721,815.83
<b>Shares</b>		
Weighted average number of ordinary shares in issue of the Company	<b>4,831,713,171</b>	4,672,108,600

The Company did not have potentially dilutive ordinary shares.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 61. Notes to items of statement of cash flows

	2015	2014
Cash received from other operating activities		
Deposits and relevant amounts received	<b>207,870,532.66</b>	594,403,447.57
Compensation received	<b>339,945,646.88</b>	76,754,010.68
Current accounts and other current account	<b>305,026,346.29</b>	547,342,117.86
	<b>852,842,525.83</b>	1,218,499,576.11
Cash paid relating to other operating activities		
Bidding deposits of land items and relevant amounts	–	9,590,000.00
Selling and administrative expenses etc. paid	<b>2,822,917,779.80</b>	2,226,266,910.18
	<b>2,822,917,779.80</b>	2,235,856,910.18
Cash received from other investing activities		
Repayment of borrowing from the minority shareholders Beijing Vanke Enterprise Co., Ltd.	<b>142,590,000.00</b>	402,360,000.00
Cash paid relating to other investing activities		
Borrowings paid to the minority shareholders Beijing Vanke Enterprise Co., Ltd.	<b>49,000,000.00</b>	472,850,000.00
Cash received from other financing activities		
Loan performance deposits received	<b>25,000,000.00</b>	–
Cash paid relating to other financing activities		
Consideration paid for acquisition of minority interests	–	20,842,800.00

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 62. 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:

	2015	2014
Net profit	1,951,067,797.80	2,708,972,088.27
Add: Provisions for assets impairment	447,911,026.68	210,438,063.48
Depreciation of fixed assets	1,313,601,704.65	1,213,646,567.44
Amortisation of intangible assets	100,784,312.60	99,497,995.51
Amortisation of long-term deferred expenses	90,210,328.92	83,090,171.47
Net losses/(gains) from disposal of fixed assets, intangible assets and other long-term assets	25,066,847.78	(127,868,861.45)
Gains from changes in fair value	(602,186,288.95)	(628,288,802.13)
Finance expenses	1,297,833,546.39	1,184,544,341.18
Investment losses	17,625,136.86	28,439,683.58
Increase in deferred income tax assets	(18,404,323.20)	(232,039,495.84)
Increase in deferred income tax liabilities	94,732,476.78	132,341,606.98
Increase in inventories	(4,330,823,764.69)	(10,409,609,535.32)
Increase in operating receivables	(4,653,806,404.84)	(3,411,122,997.76)
Increase in operating payables	3,613,751,885.70	2,991,791,247.67
Net cash flows from operating activities	<b>(652,635,717.52)</b>	<b>(6,156,167,926.92)</b>



## Notes to Financial Statements

For the year ended 31 December 2015

**V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS** (continued)**62. Supplemental information to statement of cash flows** (continued)**(1) Supplemental information to statement of cash flows** (continued)

	2015	2014
Material financing activities not involving cash:		
Dividends receivable as capital injection from minority shareholders (Note 1)	-	3,498,632.31
Non-monetary capital injection of minority shareholders	<b>163,779,066.67</b>	-
Unpaid payment for minority interests	<b>17,500,000.00</b>	-
Non-monetary consideration payment for acquisition of minority equity interests	-	26,500,000.00
Unilateral capital reduction from minority shareholders (Note 2)	<b>1,500,000,000.00</b>	-
Borrowing from minority shareholders (Note 3)	-	600,000,000.00
Fixed assets held under finance leases	-	2,889,306.00
	<b>1,681,279,066.67</b>	632,887,938.31
Material investment activities not involving cash:		
Unpaid payment for acquisition of equity interest	<b>49,133,720.00</b>	-
Available-for-sale financial assets (Note 3)	-	600,000,000.00
	<b>49,133,720.00</b>	600,000,000.00
Endorsement and transfer of bills:		
Endorsement and transfer of bank acceptance bills received from sale of goods or rendering of services	<b>5,255,799,358.67</b>	6,473,678,692.87
Net movements in cash and cash equivalents:		
Balances of cash at end of the year	<b>11,213,584,868.55</b>	6,479,735,571.22
Less: Balances of cash at beginning of the year	<b>(6,479,735,571.22)</b>	(5,866,492,301.67)
Net increase in cash and cash equivalents	<b>4,733,849,297.33</b>	613,243,269.55

Note 1: Hebei Hanzheng Assets Management Company Ltd., a minority shareholder of Handan BBMG Taihang Cement Co., Ltd. ("Handan BBMG"), which is a subsidiary of the Group, increased the capital contribution in Handan BBMG by way of dividends receivable from Handan BBMG for 2014 of RMB3,498,632.31.

Note 2: Jianxin Trust Co., Ltd., the minority 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.

Note 3: 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), a subsidiary of the Group, subscribed for 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).

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

*Information on acquisition of subsidiaries and other operating units*

	2015	2014
Cash consideration paid for acquisition of subsidiaries and other operating units	<b>196,534,880.00</b>	
Less: Cash and cash equivalents held by acquired subsidiaries and other operating units	—	—
Net cash received for acquisition of subsidiaries and other operating units	<b>196,534,880.00</b>	—

##### (3) Cash and cash equivalents

	2015	2014
Cash	<b>11,213,584,868.55</b>	6,479,735,571.22
Including: Cash on hand	<b>2,078,746.90</b>	1,188,238.10
Bank deposits on demand	<b>11,202,354,490.12</b>	6,468,890,424.07
Other monetary fund on demand	<b>9,151,631.53</b>	9,656,909.05
Balance of cash and cash equivalents at end of the year	<b>11,213,584,868.55</b>	6,479,735,571.22

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 63. Assets with restricted titles or right to use

	Note	2015	2014
Pledged assets			
Cash and bank balances			
Statutory deposit reserve placement with central bank by Finance Company	(1)	<b>449,131,405.76</b>	902,817,668.94
Guarantee deposit for L/C	(1)	<b>5,666,599.09</b>	45,147,170.74
Quality/performance deposits	(1)	<b>45,905,809.13</b>	47,217,112.71
Guarantee deposits for acceptance bills	(1)	<b>90,002,613.42</b>	65,774,311.91
Inventories	(2)	<b>3,318,295,395.72</b>	1,831,171,909.70
Bills receivable	(2)	<b>7,781,993.36</b>	4,983,581.02
Fixed assets	(2)	<b>1,070,447,819.61</b>	7,937,010.21
Investment properties	(2)	<b>6,922,730,431.98</b>	7,091,209,039.03
Land use rights	(2)	<b>18,309,320.88</b>	–
Assets whose titles are restricted for other reasons			
Cash and bank balances			
Restricted cash arising from pre-sales of properties	(3)	<b>6,556,854,349.99</b>	3,422,787,771.29
Others		<b>8,735,045.16</b>	16,691,995.87
		<b>18,493,860,784.10</b>	13,435,737,571.42

Note 1: As at 31 December 2015, the Group's pledged cash and bank balances was RMB590,706,427.40 (31 December 2014: RMB1,060,956,264.30), of which the amount paid by BBMG Finance Co., Ltd. (金隅財務有限公司) to the People's Bank of China in accordance with relevant regulations which cannot be used as statutory deposit reserve for daily operations was RMB449,131,405.76 (31 December 2014: RMB902,817,668.94).

Note 2: As at 31 December 2015, the Group obtained short-term borrowings of RMB535,665,814.17 and long-term borrowings of RMB5,019,000,000.00 secured by inventories with a carrying amount of RMB3,318,295,395.72, fixed assets with a carrying amount of RMB1,070,447,819.61, investment properties with a carrying amount of RMB6,922,730,431.98 and intangible asset-land use rights with a carrying amount of RMB18,309,320.88; the Group obtained short-term borrowings of RMB7,781,993.36 pledged by bills receivables with a carrying amount of RMB7,781,993.36. As at 31 December 2015, there were bank borrowings of RMB154,000,000.00 obtained from unreleased pledge by land use rights of commodity houses which had already been delivered to the purchasers.

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 pre-sales 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 31 December 2015, BBMG GEM Real Estate Development Co., Ltd., a subsidiary of the Group, obtained borrowings of RMB535,665,814.17 from the minority 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.

## Notes to Financial Statements

For the year ended 31 December 2015

### V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 64. Foreign currency monetary items

	2015			2014		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
Cash at banks						
USD	264,803.76	6.4550	1,709,308.27	287,517.65	6.2075	1,784,765.81
HKD	1,052,341.77	0.8328	876,390.23	1,551,270.80	0.8006	1,241,947.40
EUR	7.09	7.0345	49.87	195,974.05	7.5092	1,471,608.34
JPY	24,259,877.00	0.0531	1,287,811.31	24,259,853.00	0.0519	1,259,086.37
Accounts receivable						
USD	633,499.42	6.4550	4,089,238.76	669,763.69	6.2075	4,157,558.11
EUR	210,398.43	7.0345	1,480,047.76	210,398.43	7.5092	1,579,923.89
JPY	78,645.84	0.0531	4,174.84	-	-	-
			<b>9,447,021.04</b>			<b>11,494,889.92</b>

### VI. CHANGE IN SCOPE OF CONSOLIDATION

#### 1. Business combination not under common control

During the year, 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 Financial Statements

For the year ended 31 December 2015

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

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

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.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 1. Business combination not under common control *(continued)*

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

	1 February to 31 December 2015
Operating revenue	213,232,107.28
Net profit	980,729.02
Net cash flows	66,823,443.96

#### 2. Deregistration of subsidiaries

Two subsidiaries, namely Handan Taihang Cement Co., Ltd. and Crane (Beijing) Building Material Co., Ltd. were deregistered by the Company in 2015.

#### 3. New establishment of subsidiaries

Certain new subsidiaries were established by the Company in 2015, details of which are set out in Note VII. 1.

## Notes to Financial Statements

For the year ended 31 December 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	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment, investment or other ways</b>					
Beijing Liulihe 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 commodity concrete	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	–
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 products	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	–

# Notes to Financial Statements

For the year ended 31 December 2015

## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i></b>					
Guangling Jinyu Cement Co., Ltd. (廣靈金隅水泥有限公司)	Guangling County	Manufacture and sale of cement 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	6,600.00	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 etc.	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 etc.	600.00	–	100.00
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. (鞏義通達中原耐火技術有限公司)	Gongyi	Manufacture and sale of refractory materials etc.	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



## Notes to Financial Statements

For the year ended 31 December 2015

### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i></b>					
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	22,500.00	68.00	–
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
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 etc.	5,882.35	–	51.00
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

# Notes to Financial Statements

For the year ended 31 December 2015

## VII. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in the subsidiaries *(continued)*

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment, investment or other ways <i>(continued)</i></b>					
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 panels etc.	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
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 Property Development Co., Ltd. (唐山金隅巨龍房地產開發有限公司)	Tangshan	Property development and management 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

## Notes to Financial Statements

For the year ended 31 December 2015

**VII. INTERESTS IN OTHER ENTITIES** (continued)**1. Interests in the subsidiaries** (continued)

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment, investment or other ways</b> (continued)					
BBMG Property Management Co., Ltd. (北京金隅物業管理有限責任公司)	Beijing	Property management	1,000.00	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	–
Beijing Jianyuan Hotel Co., Ltd. (北京市建苑賓館有限公司)	Beijing	Provision of accommodation and dining services	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.	17,433.78	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	500.00	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	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.	1,000.00	–	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 etc.	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

# Notes to Financial Statements

For the year ended 31 December 2015

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>					
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
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) (Note VII.2)	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
Liaocheng BBMG Hongjun Concrete Co., Ltd. (聊城金隅泓均砼業有限公司) (1)	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) (1)	Liaocheng	Manufacture and sale of commercial concrete	2,000.00	-	80.00

## Notes to Financial Statements

For the year ended 31 December 2015

**VII. INTERESTS IN OTHER ENTITIES** (continued)**1. Interests in the subsidiaries** (continued)

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through establishment, investment or other ways</b> (continued)					
Dachang BBMG Tiantan Furniture Co., Ltd. (大廠金隅天壇家具有限責任公司) (1)	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) (1)	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) (1)	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) (1)	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) (1)	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) (1)	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) (1)	Qingdao	Real estate development and fiduciary agent for sale of real estate	60,000.00	–	100.00
Beijing BBMG Fengshan Training Centre Co., Ltd. (北京金隅鳳山培訓中心有限公司) (1)	Beijing	Accommodation and conference services	100.00	–	100.00
Xi'an BBMG Tianli Business and Trading Co., Ltd. (西安金隅天麗商貿有限公司) (1)	Xi'an	Sale of building materials and sanitary ware	5,000.00	–	65.00
BBMG Properties (Anhui) Co., Ltd. (金隅置業安徽有限公司) (1)	Hefei	Property development and management etc.	50,000.00	–	100.00
BBMG Real Estate Development (Hefei) Co., Ltd. (金隅房地產開發合肥有限公司) (1)	Hefei	Property development and operation	150,000.00	–	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) (1)	Beijing	Incubating property management and technology business	39,735.48	12.58	87.42
Chongqing BBMG Dacheng New Metropolis Co., Ltd. (重慶金隅大成新都會有限公司) (1)	Chongqing	Property development and sale of commodity housing etc.	150,000.00	–	100.00

# Notes to Financial Statements

For the year ended 31 December 2015

## VII. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in the subsidiaries (continued)

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through business combination under common control</b>					
Beijing Lvdushangke 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 utilization 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	57,943.97	62.09	–
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 waterproofing 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	500.00	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	–
Beijing Hengxing Land Real Estate Co., Ltd. (北京恆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

## Notes to Financial Statements

For the year ended 31 December 2015

**VII. INTERESTS IN OTHER ENTITIES** (continued)**1. Interests in the subsidiaries** (continued)

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through business combination under common control</b> (continued)					
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
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	–
<b>Subsidiaries acquired through business combination not under common control</b>					
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
Luquan BBMG Dingxin Cement Co., Ltd. (鹿泉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	–
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
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) (3)	Tianjin	Concrete construction and manufacturing	39,590.51	91.01	–
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

## Notes to Financial Statements

For the year ended 31 December 2015

### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

	Place of registration/ Place of principal business	Principal activities	Registered capital RMB ten thousand	Percentage of shareholding (%)	
				Direct	Indirect
<b>Subsidiaries acquired through business combination not under common control <i>(continued)</i></b>					
Beijing Chinefarge 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 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) (2)	Xingtai	Production and sale of cement clinker	33,000.00	100.00	–

- (1) Newly-established subsidiaries during the year
- (2) Newly-acquired subsidiary during the year
- (3) In September 2010, Tianjin Building Materials Supply Corporation (天津市建築材料供應總公司) entrusted 11.21% of the voting rights in Tianjin BBMG Concrete Co., Ltd. to the Company with a term of 8 years. As at 31 December 2015, the Company held 88.79% equity interests in Tianjin BBMG Concrete Co., Ltd. with 100% voting rights.



## Notes to Financial Statements

For the year ended 31 December 2015

### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 1. Interests in the subsidiaries *(continued)*

Subsidiaries with significant minority interests are as follows:

	Percentage of minority shareholding	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulative minority interests at the end of the year
2015				
BBMG Vanke Property Development Co., Ltd.	49.00%	(29,316,450.05)	–	357,790,511.56
Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd.	49.00%	43,281,514.80	–	1,328,879,388.89
Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd.	49.00%	(1,212,179.87)	–	1,178,366,442.60
2014				
BBMG Vanke Property Development Co., Ltd.	49.00%	150,562,047.34	–	387,106,961.61
Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd.	49.00%	35,793,891.31	–	1,285,407,031.75
Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd.	49.00%	–	–	1,179,578,622.47

## Notes to Financial Statements

For the year ended 31 December 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:

	BBMG Vanke Property Development Co., Ltd.	Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd.	Beijing BBMG Changyang Jiaye Real Estate Development Co., Ltd.
<b>31 December 2015</b>			
Current assets	890,207,438.32	1,915,929,099.83	4,231,828,725.76
Non-current assets	13,941,074.95	1,565,791,788.42	1,695,639.59
Total assets	<u>904,148,513.27</u>	<u>3,481,720,888.25</u>	<u>4,233,524,365.35</u>
Current liabilities	172,442,740.82	533,621,690.18	1,828,694,890.65
Non-current liabilities	1,521,054.97	236,100,445.23	–
Total liabilities	<u>173,963,795.79</u>	<u>769,722,135.41</u>	<u>1,828,694,890.65</u>
<b>2015</b>			
Operating revenue	98,290,000.00	1,094,293,322.34	–
Net profit	(59,829,489.90)	88,329,622.03	(2,473,836.47)
Total comprehensive income	<u>(59,829,489.90)</u>	<u>88,329,622.03</u>	<u>(2,473,836.47)</u>
Net cash flows from operating activities	<u>(66,450,493.52)</u>	<u>25,630,163.58</u>	<u>(1,064,171,109.65)</u>

## Notes to Financial Statements

For the year ended 31 December 2015

### **VII. INTERESTS IN OTHER ENTITIES** *(continued)*

#### **2. Transactions resulting in changes in equity attributable to shareholders in subsidiaries with no effect on right of control**

In 2015, Jianxin Trust Co., Ltd., the minority shareholder of Chongqing BBMG Dacheng Shanshui Property Limited, reduced its investments with paid-up capital of RMB492,500,000.00 upon such capital reduction. Chongqing BBMG Dacheng Shanshui Property Limited had publicly announced the capital reduction and had modified its articles of association, with change of business registration not completed. The transaction led to reduction of minority interests of RMB1,107,727,336.23 and reduction of capital reserve of RMB392,272,663.77 in the consolidated financial statements.

Mitsui & Co., Ltd. and Sumitomo Forestry Co., Ltd. unilaterally made capital contribution of RMB33,677,400.00 to Beijing BBMG Decoration and Engineering Co., Ltd. in September 2015. Upon capital contribution, the Group held 51% shares of Beijing BBMG Decoration and Engineering Co., Ltd. and did not lose its right of control. The transaction led to increase of minority interests of RMB32,225,358.14 and increase of capital reserve of RMB1,452,041.86 in the consolidated financial statements.

## Notes to Financial Statements

For the year ended 31 December 2015

### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 3. 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	
<b>Joint ventures</b>						
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 boards	(USD)54,520	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
<b>Associates</b>						
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	(USD)57,380	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	(USD)23,500	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	(USD)27,500	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
Hebei Ruisuo Solid Waste Engineering Technology Research Institute Co., Ltd. (河北睿索固廢工程技術研究院有限公司)	Chengde	Technology research and testing for comprehensive utilization of solid waste	46,000	34.78	–	Equity method

## Notes to Financial Statements

For the year ended 31 December 2015

### VII. INTERESTS IN OTHER ENTITIES *(continued)*

#### 3. Interests in joint ventures and associates *(continued)*

The following table sets forth the consolidated financial information on joint ventures and associates which are not individually significant to the Group:

	2015	2014
<b>Joint ventures</b>		
Total carrying amount of investments	<b>6,193,562.30</b>	21,717,392.44
Total amount calculated based on shareholding		
Net loss	<b>(15,241,268.30)</b>	(50,640,300.85)
Total comprehensive income	<b>(15,241,268.30)</b>	(50,640,300.85)
<b>Associates</b>		
Total carrying amount of investments	<b>304,969,371.04</b>	297,618,365.40
Total amount calculated based on shareholding		
Net profit/(loss)	<b>(2,452,619.09)</b>	22,190,517.27
Total comprehensive income	<b>(2,452,619.09)</b>	22,190,517.27

## Notes to Financial Statements

For the year ended 31 December 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:

Financial assets	31 December 2015	31 December 2015	31 December 2014	31 December 2014
	Loans and receivables	Available-for-sale financial assets	Loans and receivables	Available-for-sale financial assets
Cash and bank balances	18,369,880,691.10	–	10,980,171,602.68	–
Bills receivable	2,197,924,429.70	–	2,651,027,709.78	–
Accounts receivable	6,882,068,508.58	–	5,404,832,534.14	–
Interests receivable	6,716,763.51	–	2,641,275.74	–
Dividends receivable	3,922,700.00	–	2,190,000.00	–
Other receivables	1,704,473,275.34	–	1,526,701,727.39	–
Available-for-sale financial assets	–	604,367,250.00	–	1,105,113,250.00
	<b>29,164,986,368.23</b>	<b>604,367,250.00</b>	<b>20,567,564,849.73</b>	<b>1,105,113,250.00</b>

Financial liabilities	31 December 2015	31 December 2014
	Other financial liabilities	Other financial liabilities
Short-term loans	16,805,996,379.53	11,635,636,481.02
Bills payable	436,477,804.74	237,215,529.94
Accounts payable	8,625,713,523.10	9,297,548,205.02
Interest payable	429,133,043.75	493,293,223.16
Dividends payable	55,274,219.13	55,522,242.70
Other payables	2,908,153,572.66	3,037,874,325.23
Non-current liabilities due within one year	3,907,504,794.13	6,116,513,981.62
Long-term loans	6,888,600,000.00	6,779,500,000.00
Bonds payable	12,000,000,000.00	9,069,911,156.24
Short-term financing bonds payable	6,000,000,000.00	6,600,000,000.00
Long-term payables	19,054,327.53	22,209,372.56
	<b>58,075,907,664.57</b>	<b>53,345,224,517.49</b>

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 2. Transfers of financial assets

As at 31 December 2015, the Group endorsed to its suppliers for settlement of accounts payable or discounted to its banks bank acceptance bills and commercial acceptance bills with a carrying amount of RMB2,001,558,754.19 and RMB70,652,048.41 respectively, of which an amount of RMB1,120,809,052.03 was derecognised and an amount of RMB951,401,750.57 was not derecognised.

##### ***Financial assets transferred but not yet fully derecognised***

As at 31 December 2015, the Group endorsed to its suppliers bank acceptance bills and commercial acceptance bills with a carrying amount of RMB878,679,702.16 and RMB64,940,055.05 respectively (31 December 2014: RMB933,652,137.04 and RMB152,823,779.23) for settlement of accounts payable, and discounted to its banks bank acceptance bills and commercial acceptance bills with a carrying amount of RMB2,070,000.00 and RMB5,711,993.36 respectively (31 December 2014: RMB4,983,581.02, all being commercial acceptance bills). 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 them, including the rights to sell, transfer or pledge to any other third party. As at 31 December 2015, the carrying amount of accounts payable settled by the Group through them or short-term borrowings secured amounted to RMB943,619,757.21 and RMB7,781,993.36 respectively (31 December 2014: RMB1,086,475,916.27 and RMB4,983,581.02).

##### ***Transferred financial assets fully derecognised but with continuing involvement***

As of 31 December 2015, the Group endorsed to its suppliers bank acceptance bills with a carrying amount of RMB1,120,809,052.03 (31 December 2014: RMB1,804,158,397.17) for settlement of accounts payable. As of 31 December 2015, their maturity period ranged from 1 to 12 months. Pursuant to relevant provisions of "Law of Negotiable Instruments", the holders of commercial instruments shall have the right of recourse against the Group ("Continuing Involvement") if 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. 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.

In 2015, no gains or losses were recognised on their dates of transfer. 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 year.

# Notes to Financial Statements

For the year ended 31 December 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. In this regard, the Group's risk management policies are summarized below.

#### ***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, accounts receivable, interest receivable, dividends receivable, 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. Contingencies.

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 Financial Statements

For the year ended 31 December 2015

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

#### 3. Financial Instruments Risks *(continued)*

##### *Credit risk (continued)*

As at 31 December 2015 and 31 December 2014, the aging analysis of financial assets which are not considered to be impaired was as follows:

##### As at 31 December 2015

	Neither past due		Past due		
	Total	nor impaired	Within 3 months	3 to 6 months	Over 6 months
Accounts receivable	6,230,835,885.75	3,988,410,987.11	1,720,091,442.60	406,717,977.05	115,615,478.99
Other receivables	1,604,563,649.03	1,604,563,649.03	-	-	-
Bills receivable	2,197,924,429.70	2,197,924,429.70	-	-	-
Interest receivable	6,716,763.51	6,716,763.51	-	-	-
Dividend receivable	3,922,700.00	3,922,700.00	-	-	-
Available-for-sale financial assets	604,367,250.00	604,367,250.00	-	-	-

##### As at 31 December 2014

	Neither past due		Past due		
	Total	nor impaired	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	-	-	-
Dividend 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 31 December 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 31 December 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 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 Financial Statements

For the year ended 31 December 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 commercial papers payable. In addition, the Group also planned to raise fund by way of 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 RMB38.6 billion as at 31 December 2015, of which approximately RMB21.6 billion remained unutilised.

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

##### As at 31 December 2015

	Within 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
Accounts payable	8,625,713,523.10	-	-	-	8,625,713,523.10
Interests payable	429,133,043.75	-	-	-	429,133,043.75
Dividends payable	55,274,219.13	-	-	-	55,274,219.13
Other payables	2,908,153,572.66	-	-	-	2,908,153,572.66
Bills payable	436,477,804.74	-	-	-	436,477,804.74
Long-term payables	4,599,600.00	4,599,600.00	13,798,800.00	-	22,998,000.00
Bank borrowings	18,650,196,379.53	531,270,684.93	2,211,100,000.00	4,340,717,808.22	25,733,284,872.68
Bonds payable	8,856,130,000.00	2,662,750,000.00	10,732,250,000.00	-	22,251,130,000.00
	<u>39,965,678,142.91</u>	<u>3,198,620,284.93</u>	<u>12,957,148,800.00</u>	<u>4,340,717,808.22</u>	<u>60,462,165,036.06</u>

## Notes to Financial Statements

For the year ended 31 December 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 – 5 years	Over 5 years	Total
Accounts payable	9,297,548,205.02	–	–	–	9,297,548,205.02
Interests 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	13,798,800.00	4,599,600.00	27,597,600.00
Bank borrowings	15,886,306,647.98	3,679,456,032.88	2,743,251,940.96	2,790,000,000.00	25,099,014,621.82
Bonds payable	10,403,980,000.00	2,587,580,000.00	7,850,500,000.00	–	20,842,060,000.00
	<u>39,416,339,774.03</u>	<u>6,271,635,632.88</u>	<u>10,607,550,740.96</u>	<u>2,794,599,600.00</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 or loss (through the impact on floating-rate borrowings) and net other comprehensive income after tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 3. Financial Instruments Risks *(continued)*

##### **Market risk** *(continued)*

##### *Interest rate risk (continued)*

2015

	Increase/ (decrease) in base point	Increase/ (decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholder's equity
RMB	Up 1% of interest rate	(9,718,433.51)	–	(9,718,433.51)

2014

	Increase/ (decrease) in base point	Increase/ (decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholder's equity
RMB	Up 1% of interest rate	(8,876,148.12)	–	(8,876,148.12)

##### *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 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 net profit or loss and net other comprehensive income after tax.

## Notes to Financial Statements

For the year ended 31 December 2015

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

#### 3. Financial Instruments Risks *(continued)*

##### **Market risk** *(continued)*

##### *Foreign exchange risk (continued)*

2015

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholder's equity
USD appreciation against RMB	1%	12,819.81	–	12,819.81
HKD appreciation against RMB	1%	6,572.93	2,915,220.87	2,921,793.80
JPY appreciation against RMB	1%	9,658.58	–	9,658.58

2014

	Increase/ (decrease) in base point	Increase/ (decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholder's equity
USD appreciation against RMB	1%	13,385.74	-	13,385.74
HKD appreciation against RMB	1%	9,314.61	805.73	10,120.34

## Notes to Financial Statements

For the year ended 31 December 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 make adjustments to the distribution of profits to shareholders, return capital to shareholders or issue new shares. During 2015 and 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 the sum of adjusted capital and net debts. It is the Group's policy to maintain its leverage ratio between 60% and 85%. Net debts represent bank borrowings, bonds payable and commercial papers, net of cash and bank balances, while capital refers to equity capital. The Group's gearing ratios as at the balance sheet dates are set out as follows:

	2015	2014
Bank borrowings	<b>25,504,596,379.53</b>	21,728,556,481.02
Bonds payable	<b>14,093,054,949.10</b>	11,869,911,156.24
Commercial papers	<b>6,000,000,000.00</b>	6,600,000,000.00
	<b>45,597,651,328.63</b>	40,198,467,637.26
Less: Cash and bank balances	<b>(18,369,880,691.10)</b>	(10,980,171,602.68)
Net debts	<b>27,227,770,637.53</b>	29,218,296,034.58
Owners' equity	<b>42,181,874,396.80</b>	36,247,388,141.43
Leverage ratio	<b>64.55%</b>	80.61%

## Notes to Financial Statements

For the year ended 31 December 2015

### IX. DISCLOSURE OF FAIR VALUE

#### 1. Assets measured and disclosed at fair value

##### *Hierarchies of fair value*

The following table sets forth the fair value of the investment properties of the Group as at 31 December 2015 in accordance with the hierarchies of fair value measurement.

	Fair value as at 31 December 2015			
	Quoted price	Significant	Significant	Total
	in active market	observable inputs	unobservable	
	(Level 1)	(Level 2)	inputs	
(Level 1)	(Level 2)	(Level 3)		
Continuously measured at fair value:				
Commercial properties	–	492,000,000.00	13,952,803,327.98	14,444,803,327.98

	Fair value as at 31 December 2014			
	Quoted price	Significant	Significant	Total
	in active market	observable inputs	unobservable	
	(Level 1)	(Level 2)	inputs	
(Level 1)	(Level 2)	(Level 3)		
Continuously measured at fair value:				
Commercial properties	–	692,000,000.00	13,359,809,039.03	14,051,809,039.03

The following sets forth the valuation method and key inputs used for the valuation of fair value of the investment properties in 2015:

Valuation method	Significant unobservable inputs	Range of variation
Income approach	Unit rental (RMB/sq.m./day)	1.74 – 16.35
	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 property is capitalised at the capitalisation rate. The estimated net leased income is capitalized 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.

## Notes to Financial Statements

For the year ended 31 December 2015

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 1. Assets measured and disclosed at fair value *(continued)*

##### *Hierarchies of fair value (continued)*

For Level 2 fair value measurement under 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 by comparing it with the recent selling prices of similar properties and adjusting in accordance with transaction condition, transaction date, the condition of the property, etc.

#### 2. Valuation of Fair Value

The following table sets forth the changes in Level 3 fair value of the investment properties of the Group in 2015:

	Commercial properties
Value as at 1 January 2015	13,359,809,039.03
Retirement of investment properties	(9,192,000.00)
Changes in fair value	<u>602,186,288.95</u>
Value as at 31 December 2015	<u>13,952,803,327.98</u>

In 2015, there was no change in fair value hierarchies of investment properties of the Group.



## Notes to Financial Statements

For the year ended 31 December 2015

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 2. Valuation of Fair Value *(continued)*

##### *Assets and Liabilities disclosed at fair value*

Set out below are carrying amount and fair value of each category of financial instruments of the Group other than financial instruments with minor differences between the carrying amount and fair value, and equity instruments without a quoted price from an active market and whose fair value cannot be reliably measured:

	Carrying amount		Fair value	
	2015	2014	2015	2014
<b>Financial assets</b>				
Available-for-sale financial assets	<b>600,000,000.00</b>	1,100,000,000.00	<b>600,000,000.00</b>	1,100,000,000.00
<b>Financial liabilities</b>				
Long-term loans	<b>6,888,600,000.00</b>	6,779,500,000.00	<b>6,888,600,000.00</b>	6,779,500,000.00
Bonds payable	<b>12,000,000,000.00</b>	8,992,354,312.55	<b>12,000,000,000.00</b>	8,992,354,312.55
Long-term payables	<b>19,054,327.53</b>	22,209,372.56	<b>19,054,327.53</b>	22,209,372.56
	<b>18,907,654,327.53</b>	15,794,063,685.11	<b>18,907,654,327.53</b>	15,794,063,685.11

Management has assessed that the fair values of the short-term financial assets and financial liabilities, such as cash and bank balances, bill receivable, accounts receivable, interests receivable, dividends receivable, other receivables, short-term borrowings, commercial papers payable, bills payable, accounts payable, interests payable, dividends payable, other payables and non-current liabilities due within one year, 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, and the valuation must be reviewed and approved by the chief financial officer. For the purpose of preparing interim and annual financial statements, the finance team meets the Audit Committee twice a year to discuss the valuation process and results.

## Notes to Financial Statements

For the year ended 31 December 2015

### IX. DISCLOSURE OF FAIR VALUE *(continued)*

#### 2. Valuation of Fair Value *(continued)*

##### *Assets and Liabilities disclosed at fair value (continued)*

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 borrowings, bonds payable, long-term payables and similar instruments 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 31 December 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.

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### 1. Parent company

	Place of registration	Nature of Business	Registered capital RMB	Proportion of shareholding (%)	Proportion of votes (%)
BBMG Group	Beijing	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	44.93	44.93

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. Jointly-controlled entities and associates

For details on the jointly-controlled entities and associates, please refer to Note VII. 2.

## Notes to Financial Statements

For the year ended 31 December 2015

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 4. Other related parties

Names of other related parties	Relationship with related parties
Beijing Jianmao Property Management Co., Ltd.	Under common control of the parent company
Beijing Xisha Assets Management Co., Ltd.	Under common control of the parent company
Beijing Guanghua Woodworking Factory	Under common control of the parent company
Beijing Doors and Windows Co., Ltd.	Under common control of the parent company
Beijing Longfengshan Sands and Stone Factory	Under common control of the parent company
Beijing Hazardous Waste Materials Treatment Centre	Under common control of the parent company
Handan Hanni Building Materials Co., Ltd.	Under common control of the parent company
BBMG Properties Limited	Under common control of the parent company
BBMG Sports Culture Co., Ltd.	Under common control of the parent company
Beijing Jinyu Scien-tech School	Under common control of the parent company
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee	Under common control of the parent company
Beijing Dacheng Real Estate Development Co., Ltd.	Under common control of the parent company

#### 5. Major transactions between the Group and related parties

##### (1) Transactions concerning goods and services with related parties

Type of goods or services	2015	2014
<b>Purchase of goods and receipt of services from related parties</b>		
<b>Transactions with jointly-controlled entities and associates</b>		
Krono (Beijing) Woods Co., Ltd. Purchase of raw materials	<b>143,988,403.85</b>	102,124,386.15
Beijing Sinobaide Technology Co., Ltd. Purchase of raw materials	<b>9,459,480.36</b>	8,002,116.24
Zehnder (China) Indoor Climate Co., Ltd. Purchase of raw materials	<b>2,839,062.23</b>	2,221,401.53
STAR-USG Building Materials Co., Ltd. Purchase of raw materials	<b>1,809,343.85</b>	1,404,729.94
	<b>158,096,290.29</b>	113,752,633.86

## Notes to Financial Statements

For the year ended 31 December 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)*

		2015	2014
Type of goods or services			
<b>Purchase of goods and receipt of services from related parties <i>(continued)</i></b>			
<b>Transactions with other related parties</b>			
Beijing Dacheng Real Estate Development Co., Ltd.	Receipt of technical services	<b>634,249.37</b>	-
Beijing Jinyu Scien-tech School	Receipt of training services	<b>98,220.00</b>	43,790.00
Beijing Longfengshan Sands and Stone Factory	Receipt of mining services	<b>35,000.00</b>	445,136.02
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee	Receipt of training services	<b>17,800.00</b>	-
Beijing Dacheng Real Estate Development Co., Ltd.	Purchase of raw materials	<b>53,439.00</b>	50,547.00
Beijing Jinyu Scien-tech School	Purchase of raw materials	-	71,200.00
		<b>838,708.37</b>	610,673.02
		<b>158,934,998.66</b>	114,363,306.88

## Notes to Financial Statements

For the year ended 31 December 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	2015	2014
<b>Sale of goods and render of services to related parties</b>			
BBMG Group	Render of property services	<b>2,185,901.89</b>	1,900,700.00
		<b>2,185,901.89</b>	1,900,700.00
<b>Transactions with jointly-controlled entities and associates</b>			
Krono (Beijing) Woods Co., Ltd.	Sale of goods	<b>37,196,246.30</b>	35,490,063.14
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods	<b>18,206,220.20</b>	19,541,211.07
STAR-USG Building Materials Co., Ltd.	Sale of goods	<b>1,856,558.78</b>	1,812,809.89
Beijing Gaoqiang Concrete Co., Ltd.	Sale of goods	<b>1,699,551.97</b>	14,961,144.91
Beijing Sinobaide Technology Co., Ltd.	Sale of goods	<b>415,579.86</b>	186,382.14
Zehnder (China) Indoor Climate Co., Ltd.	Sale of goods	–	9,247,593.51
		<b>59,374,157.11</b>	81,239,204.66

## Notes to Financial Statements

For the year ended 31 December 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	2015	2014
<b>Sales of goods and render of services to related parties <i>(continued)</i></b>			
<b>Transactions with other related parties</b>			
Handan Hanni Building Materials Co., Ltd.	Sale of goods	256,801.43	474,041.59
Beijing Hazardous Waste Materials Treatment Centre	Sale of goods	-	1,873,524.51
Beijing Dacheng Real Estate Development Co., Ltd.	Sale of goods	-	34,358.97
Beijing Xisha Assets Management Co., Ltd.	Sale of properties	64,564,900.00	98,774,200.00
Beijing Guanghua Woodworking Factory	Render of quality inspection services	4,700,000.00	2,800,000.00
Beijing Dacheng Real Estate Development Co., Ltd.	Render of conference services	2,673,887.71	695,775.43
BBMG Properties Limited	Render of engineering services	1,860,400.00	-
Beijing Jianmao Property Management Co., Ltd.	Render of engineering services	1,626,597.58	-
Beijing Doors and Windows Co., Ltd.	Render of decoration services	606,276.59	-
Beijing Xisha Assets Management Co., Ltd.	Render of decoration services	530,222.48	917,169.81
BBMG Sports Culture Co., Ltd.	Render of design services	34,000.00	1,930,071.13
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee	Render of conference services	-	119,420.00
		<b>76,853,085.79</b>	<b>107,618,561.44</b>
		<b>138,413,144.79</b>	<b>190,758,466.10</b>

Purchase or sale of goods and receipt or render of services from/to related parties by the Group are negotiated and determined based on market price, and carried out according to the terms of the agreements entered into between the Group and related parties.

## Notes to Financial Statements

For the year ended 31 December 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	2015 leasing income	2014 leasing income
STAR-USG Building Materials Co., Ltd.	Building	11,790,622.31	11,416,955.35
Beijing Dacheng Real Estate Development Co., Ltd.	Building	4,775,380.32	4,775,380.32
Krono (Beijing) Woods Co., Ltd.	Building	4,685,203.96	6,453,901.83
OCV Reinforcements (Beijing) Co., Ltd.	Plant	1,511,526.25	1,047,915.75
Beijing Sinobaide Technology Co., Ltd.		520,946.24	520,946.24
Zehnder (China) Indoor Climate Co., Ltd.	Building	–	704,705.82
BBMG Group	Building	–	629,400.00
		<b>23,283,679.08</b>	<b>25,549,205.31</b>

*As lessee*

Name of the lessor	Category of leased assets	2015 leasing expenses	2014 leasing expenses
Beijing Xisha Assets Management Co., Ltd.	Building	2,700,334.00	3,257,172.00
Beijing Longfengshan Sands and Stone Factory	Premise	326,000.00	50,000.00
Beijing Dacheng Real Estate Development Co., Ltd.	Building	310,761.00	–
		<b>3,337,095.00</b>	<b>3,307,172.00</b>

The rentals from the assets leased out to or leased from related parties by the Group are negotiated and determined by making reference to market price, and carried out according to the terms of the agreements entered into between the Group and related parties.

## Notes to Financial Statements

For the year ended 31 December 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*

2015

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
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.	420,000,000.00	27 June 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>840,000,000.00</u>			



## Notes to Financial Statements

For the year ended 31 December 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)*

2014

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
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.	350,000,000.00	2 September 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.	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 2015	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 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.	3,900,000.00	2 March 2011	22 December 2015	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.	420,000,000.00	27 June 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>1,306,000,000.00</u>			

The above related parties provided guarantees in respect of borrowings for the Group with nil consideration.

## Notes to Financial Statements

For the year ended 31 December 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 provided to related parties*

As at 31 December 2015, the Group did not provide guarantees in respect of borrowings for related parties.

As at 31 December 2014, BBMG Hongye Ecological Science and Technology Co., Ltd., a subsidiary of the Group, provided guarantee for BBMG Group's borrowings of RMB800,000,000.00, with its investment properties as collateral.

##### (4) Borrowing from/lending to related parties

###### *Borrowings*

###### 2015

	Commencement		
	Amount	date	Maturity date
BBMG Group	230,000,000.00	September 2015	November 2015
BBMG Group	303,400,000.00	September 2015	November 2015

###### 2014

	Commencement		
	Amount	date	Maturity date
BBMG Group	303,110,700.00	March 2014	April 2014
BBMG Group	60,200,000.00	March 2014	November 2014
BBMG Group	1,250,685,300.00	March 2014	April 2014
BBMG Group	150,000,000.00	August 2014	November 2014

Note: Through financial institutions, the Group obtained entrusted loans of RMB533,400,000.00 from BBMG Group, which were used for liquidity purposes. As at 31 December 2015, such loans were fully repaid (31 December 2014: Nil). The interest rate of each the above loans was in line with the benchmark rate for loans of the same period and same ranking issued by People's Bank of China on the drawdown date corresponding to the period of the loan. In the year, the total interest expenses recognised for the loans were RMB3,884,930.00 (2014: RMB79,039,935.82).

###### *Lending*

During the year, STAR-USG Building Materials Co., Ltd. secured lending of RMB15,000,000.00 from the Group at interest rate of 4.35% per annum (2014: lending of RMB51,308,990.00 at interest rate of 5.35% per annum). As at 31 December 2015, the accumulated lending amounted to RMB96,688,940.00 (31 December 2014: accumulated lending of RMB81,688,940.00).

## Notes to Financial Statements

For the year ended 31 December 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 (continued)*

Interest income from lending:

	2015	2014
STAR-USG Building Materials Co., Ltd.	4,075,487.77	–

Interest expenses from borrowing:

	2015	2014
BBMG Group	3,884,930.00	79,039,935.82

##### (5) *Remuneration for key management personnel*

	2015	2014
Remuneration for key management personnel	4,405,513.00	5,684,169.00

## Notes to Financial Statements

For the year ended 31 December 2015

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. Major transactions between the Group and related parties *(continued)*

##### (6) Other transactions with related parties

In 2015, Beijing BBMG Concrete Co., Ltd., being a subsidiary of the Group, signed a demolition compensation agreement with Beijing Xisha Assets Management Co., Ltd. in relation to western lot of sands and stone factory at western suburb of Tiancunshan, Haidian District, Beijing. According to the agreement, Beijing Xisha Assets Management Co., Ltd. shall pay a demolition compensation of RMB94,930,832.49 to Beijing BBMG Concrete Co., Ltd. for the demolition of the production and operation site at Tiancunshan, Haidian District leased by Beijing BBMG Concrete Co., Ltd.

Note: Apart from related party transactions with associates and joint venture, other major transactions above between the group and its related parties constitute connected transactions and continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

#### 6. Balances of receivables due from related parties

	2015	2014
Accounts Receivable		
<b>Due from associates</b>		
Beijing Gaoqiang Concrete Co., Ltd.	–	60,512,235.97
Zehnder (China) Indoor Climate Co., Ltd.	<b>219,271.00</b>	219,271.00
OCV Reinforcements (Beijing) Co., Ltd.	<b>267,305.25</b>	50,000.00
	<b>486,576.25</b>	60,781,506.97
<b>Due from a joint venture</b>		
STAR-USG Building Materials Co., Ltd.	<b>14,603,510.86</b>	8,929,364.35
<b>Due from other related parties</b>		
Beijing Dacheng Real Estate Development Co., Ltd	<b>5,034,950.82</b>	6,154,805.46
BBMG Properties Limited	<b>676,815.00</b>	–
	<b>5,711,765.82</b>	6,154,805.46
	<b>20,801,852.93</b>	75,865,676.78

## Notes to Financial Statements

For the year ended 31 December 2015

**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (continued)**6. Balances of receivables due from related parties** (continued)

	2015	2014
Prepayments		
<b>Prepayments to associates</b>		
Beijing Sinobaide Technology Co., Ltd.	–	120,542.46
Zehnder (China) Indoor Climate Co., Ltd.	<b>83,876.93</b>	236,929.30
	<b>83,876.93</b>	357,471.76
Other receivables		
<b>Due from the parent</b>		
BBMG Group	<b>14,538,402.16</b>	–
<b>Due from associates</b>		
Zehnder (China) Indoor Climate Co., Ltd.	<b>9,500.00</b>	12,119,564.73
Krono (Beijing) Woods Co., Ltd.	<b>15,179,083.67</b>	11,738,494.56
Krono (Beijing) Flooring Co., Ltd.	<b>200,000.00</b>	200,000.00
	<b>15,388,583.67</b>	24,058,059.29
<b>Due from a joint venture</b>		
STAR-USG Building Materials Co., Ltd.	<b>97,905,064.65</b>	85,821,753.31
	<b>127,832,050.48</b>	109,879,812.60
Interest receivable		
<b>Due from a joint venture</b>		
STAR-USG Building Materials Co., Ltd.	<b>6,716,763.51</b>	2,641,275.74
Dividends receivable		
<b>Due from associates</b>		
Beijing Sinobaide Technology Co., Ltd.	<b>851,000.00</b>	–
Beijing Gaoqiang Concrete Co., Ltd.	<b>3,071,700.00</b>	2,190,000.00
	<b>3,922,700.00</b>	2,190,000.00

## Notes to Financial Statements

For the year ended 31 December 2015

### X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 7. Balances of payables to related parties

	2015	2014
Accounts payable		
<b>Due to associates</b>		
Zehnder (China) Indoor Climate Co., Ltd.	95,000.00	96,000.00
OCV Reinforcements (Beijing) Co., Ltd.	3,800.00	3,800.00
Krono (Beijing) Woods Co., Ltd.	<u>5,810,424.66</u>	<u>338,764.11</u>
	<u>5,909,224.66</u>	<u>438,564.11</u>
<b>Due to a jointly-controlled entity</b>		
STAR-USG Building Materials Co., Ltd.	<u>120,904.56</u>	<u>1,366,809.63</u>
<b>Due to other related parties</b>		
Beijing Dacheng Real Estate Development Co., Ltd.	<u>–</u>	<u>276,291.00</u>
	<u>6,030,129.22</u>	<u>2,081,664.74</u>

## Notes to Financial Statements

For the year ended 31 December 2015

**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (continued)**7. Balances of payables to related parties** (continued)

	2015	2014
Receipts in advance		
<b>Advances received from other related parties</b>		
Beijing Longfengshan Sands and Stone Factory	149,098.29	149,098.29
Beijing Xisha Assets Management Co., Ltd.	–	64,564,900.00
	<b>149,098.29</b>	<b>64,713,998.29</b>
Advances from associates		
Beijing Gaoqiang Concrete Co., Ltd.	123.20	–
OCV Reinforcements (Beijing) Co., Ltd.	2,520.00	–
	<b>2,643.20</b>	–
	<b>151,741.49</b>	<b>64,713,998.29</b>
Other payables		
<b>Due to the parent company</b>		
BBMG Group	–	90,200,917.80
<b>Due to associates</b>		
Beijing Sinobaide Technology Co., Ltd.	3,869.60	–
OCV Reinforcements (Beijing) Co., Ltd.	159,200.00	159,200.00
	<b>163,069.60</b>	<b>159,200.00</b>
<b>Due to a jointly-controlled entity</b>		
STAR-USG Building Materials Co., Ltd.	91,414.91	176,200.81
	<b>254,484.51</b>	<b>90,536,318.61</b>

Except for the balances due from STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司), other amounts due from/to related parties are interest-free, unsecured and have no fixed terms of repayment.

## Notes to Financial Statements

For the year ended 31 December 2015

### XI. CONTINGENCIES

	Note	2015	2014
Provision of guarantee to third parties	Note 1	<b>5,669,464,952.49</b>	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 management 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

	2015	2014
Contracted but not provided for		
Capital commitments	<b>361,924,923.37</b>	135,966,972.58
Property development contracts	<b>8,413,910,062.16</b>	7,638,005,516.15
Investment commitments	–	245,668,600.00
	<b>8,775,834,985.53</b>	8,019,641,088.73

### XIII. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

On 6 January 2016, the Company has received the approval to issue corporate bonds with face value of not more than RMB5 billion (including RMB5 billion) publicly to qualified investors according to the approval document issued by the China Securities Regulatory Commission (Zhengjian Xuke [2016] No. 35). The base size of the bond issue is RMB3 billion and can be issued with over-allotment up to RMB2 billion. The issuance of the bonds was completed on 15 March 2016, with actual issuing size of RMB5 billion. The bonds are divided into two types. The term of type one ("16 Jinyu 01", stock code: 136285) is 5 years, the issuer has an option of adjusting upwards the coupon rate while the investors have an option of redemption at the end of the third year, with issuing size of RMB3.2 billion and final coupon rate of 3.12%. Type two ("16 Jinyu 02", stock code: 136286) has a term of 7 years, the issuer has an option of adjusting upwards the coupon rate while the investors have an option of redemption at the end of the fifth year, with issuing size of RMB1.8 billion and final coupon rate of 3.50%.



## Notes to Financial Statements

For the year ended 31 December 2015

### 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:

	2015	2014
Within 1 year (inclusive of 1 year)	<b>1,137,238,058.71</b>	652,230,966.29
1 to 2 years (inclusive of 2 years)	<b>1,008,851,021.61</b>	602,054,318.45
2 to 3 years (inclusive of 3 years)	<b>607,815,479.09</b>	331,242,099.15
Over 3 years	<b><u>798,010,903.67</u></b>	<u>412,199,345.75</u>
	<b><u>3,551,915,463.08</u></b>	<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:

	2015	2014
Within 1 year (inclusive of 1 year)	<b>73,857,282.69</b>	54,331,374.79
1 to 2 years (inclusive of 2 years)	<b>103,446,738.87</b>	26,930,863.28
2 to 3 years (inclusive of 3 years)	<b>41,242,437.23</b>	24,053,014.52
Over 3 years	<b><u>209,754,908.92</u></b>	<u>102,618,175.23</u>
	<b><u>428,301,367.71</u></b>	<u>207,933,427.82</u>

# Notes to Financial Statements

For the year ended 31 December 2015

## XIV. OTHER SIGNIFICANT MATTERS *(continued)*

### 2. Segment reporting

#### *Operating segments*

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

- (1) the cement segment engages in the manufacture and sale of cement and concrete;
- (2) the 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.

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 Financial Statements

For the year ended 31 December 2015

### XIV. OTHER SIGNIFICANT MATTERS *(continued)*

#### 2. Segment reporting *(continued)*

2015

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

# Notes to Financial Statements

For the year ended 31 December 2015

## XIV. OTHER SIGNIFICANT MATTERS (continued)

### 2. Segment reporting (continued)

2014

	Cement Segment	Building Materials and Commerce Logistics Segment	Property Segment	Property Investment and Management Segment	Unallocated corporate assets/liabilities/expenses	Elimination on consolidation	Total
Revenues from external transactions	12,944,136,788.01	10,372,649,027.10	15,708,965,957.24	2,215,722,081.62	-	-	41,241,473,853.97
Revenues from inter-segment transactions	13,289,243.14	334,698,498.85	-	85,843,046.77	-	(433,830,788.76)	-
	<u>12,957,426,031.15</u>	<u>10,707,347,525.95</u>	<u>15,708,965,957.24</u>	<u>2,301,565,128.39</u>	<u>-</u>	<u>(433,830,788.76)</u>	<u>41,241,473,853.97</u>
Gains/(losses) on investment in associate and joint ventures	2,438,928.61	(31,202,669.78)	-	313,957.59	-	-	(28,449,783.58)
Losses from impairment of assets	57,009,559.65	18,564,350.44	46,504,651.85	41,906,697.83	46,452,803.71	-	210,438,063.48
Depreciation and amortisation charges	1,082,805,357.86	133,992,689.13	10,324,250.69	138,841,563.81	27,877,477.19	-	1,393,841,338.68
Total profits	247,822,886.01	(49,091,493.96)	2,921,118,059.49	1,401,025,936.34	(837,865,524.83)	120,335,280.08	3,803,345,143.13
Income tax expense	126,492,340.54	5,028,399.32	740,309,317.33	401,925,558.86	(209,466,381.21)	30,083,820.02	1,094,373,054.86
Total assets	28,497,216,019.99	10,360,170,416.94	60,821,887,513.09	30,594,897,227.21	1,236,423,714.85	(15,825,624,215.41)	115,684,970,676.67
Total liabilities	14,537,544,009.89	4,651,508,231.57	49,036,856,382.32	5,514,857,838.70	17,546,443,860.22	(11,849,627,787.46)	79,437,582,535.24
Other disclosure							
Long-term equity investment in associates and joint ventures	27,810,842.09	282,128,026.48	-	3,927,454.60	-	-	313,866,323.17
Increase in other non-current assets (excluding long-term equity investments)	1,294,169,525.61	376,346,994.18	15,679,853.56	209,662,023.97	-	-	1,895,858,397.32

### Other information

#### Information on products and labour services

Revenue by product/service is set out in Note V.48.

#### 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

In 2015, none of sales income arising from any single customer of the Group exceeds 10% (2014: Nil) of the Group's total revenues.

## Notes to Financial Statements

For the year ended 31 December 2015

### XIV. OTHER SIGNIFICANT MATTERS *(continued)*

#### 3. Supplemental information to the statement of financial position

	2015	2014
Net current assets (consolidated)		
Current assets	<b>89,335,632,740.23</b>	75,018,805,818.23
Less: Current liabilities	<b><u>65,186,574,018.71</u></b>	<u>59,513,655,635.94</u>
Net current assets	<b><u>24,149,058,721.52</u></b>	<u>15,505,150,182.29</u>
Total assets less current liabilities (consolidated)		
Total assets	<b>130,746,704,314.16</b>	115,684,970,676.67
Less: current liabilities	<b><u>65,186,574,018.71</u></b>	<u>59,513,655,635.94</u>
Total assets less current liabilities	<b><u>65,560,130,295.45</u></b>	<u>56,171,315,040.73</u>
Net current assets (the Company)		
Current assets	<b>43,022,525,056.80</b>	31,729,745,121.34
Less: current liabilities	<b><u>29,097,388,511.98</u></b>	<u>27,839,186,611.38</u>
Net current assets	<b><u>13,925,136,544.82</u></b>	<u>3,890,558,509.96</u>
Total assets less current liabilities (the Company)		
Total assets	<b>79,613,630,631.68</b>	66,679,060,581.89
Less: current liabilities	<b><u>29,097,388,511.98</u></b>	<u>27,839,186,611.38</u>
Total assets less current liabilities	<b><u>50,516,242,119.70</u></b>	<u>38,839,873,970.51</u>

## Notes to Financial Statements

For the year ended 31 December 2015

### XIV. OTHER SIGNIFICANT MATTERS *(continued)*

#### 4. Directors' and Supervisors' Remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, was as follows:

	2015	2014
Fees	723,341.00	666,670.00
Other emoluments:		
Salaries, allowances and benefits in kind	3,222,604.60	2,317,983.52
Performance related bonuses	2,231,900.00	2,479,823.00
Pension scheme contributions	296,735.40	190,356.48
	<b>6,474,581.00</b>	<b>5,654,833.00</b>

#### (1) Independent non-executive directors

The fees paid to independent non-executive directors for the year are as follows:

	2015	2014
Mr. Hu Zhaoguang	–	62,500.00
Mr. Xu Yongmo	137,500.00	150,000.00
Mr. Zhang Chengfu	137,500.00	150,000.00
Mr. Yip Wai Ming	137,500.00	150,000.00
Mr. Wang Guangjin	150,000.00	87,500.00
Mr. Tian Lihui	12,500.00	–
Mr. Tang Jun	12,500.00	–
Mr. Ngai Wai Fung	12,500.00	–
	<b>600,000.00</b>	<b>600,000.00</b>

No other remuneration was payable to independent non-executive directors for the year (2014: Nil).

## Notes to Financial Statements

For the year ended 31 December 2015

**XIV. OTHER SIGNIFICANT MATTERS** (continued)**4. Directors' and Supervisors' Remuneration** (continued)**(2) Executive directors, non-executive directors and supervisors**

2015

	Fee	Salaries, Allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
<b>Executive directors</b>					
Mr. Jiang Weiping	-	-	-	-	-
Mr. Jiang Deyi*	-	239,487.12	-	12,512.88	252,000.00
Mr. Wu Dong	-	333,527.04	180,000.00	26,472.96	540,000.00
Mr. Shi Xijun	-	333,527.04	180,000.00	26,472.96	540,000.00
Mr. Zhang Jianli	-	343,427.04	179,550.00	26,472.96	549,450.00
Mr. Li Weidong	-	333,527.04	180,000.00	26,472.96	540,000.00
Mr. Wang Hongjun	-	382,507.08	-	19,492.92	402,000.00
Mr. Zang Feng	-	333,527.04	180,000.00	26,472.96	540,000.00
Mr. Wang Shizhong	-	333,527.04	179,550.00	26,472.96	539,550.00
	-	2,633,056.44	1,079,100.00	190,843.56	3,903,000.00
<b>Non-executive directors</b>					
Mr. Yu Kaijun**	73,337.00	-	-	-	73,337.00
<b>Supervisors</b>					
Mr. Wang Xiaojun	-	-	-	-	-
Ms. Li Bichi	-	-	-	-	-
Mr. Yu Kaijun**	4,167.00	-	-	-	4,167.00
Mr. Qian Xiaoqiang***	45,837.00	-	-	-	45,837.00
Ms. Hu Juan	-	154,367.04	335,800.00	26,472.96	516,640.00
Mr. Zhang Dengfeng	-	153,867.04	293,800.00	26,472.96	474,140.00
Mr. Zhang Yifeng	-	137,427.04	267,600.00	26,472.96	431,500.00
Mr. Wang Xin	-	143,887.04	255,600.00	26,472.96	425,960.00
	50,004.00	589,548.16	1,152,800.00	105,891.84	1,898,244.00
	123,341.00	3,222,604.60	2,231,900.00	296,735.40	5,874,581.00

\* Mr. Jiang Deyi is the Chairman and President of the Company;

\*\* Mr. Yu Kaijun was a non-executive director of the Company from January to November 2015, and was redesignated as a supervisor of the Company since 27 November 2015;

\*\*\* Mr. Qian Xiaoqiang was a supervisor of the Company from January to November 2015, and left his post in 27 November 2015.

## Notes to Financial Statements

For the year ended 31 December 2015

### XIV. OTHER SIGNIFICANT MATTERS (continued)

#### 4. Directors' and Supervisors' Remuneration (continued)

##### (2) Executive directors, non-executive directors and supervisors (continued)

2014

	Fee	Salaries, Allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
<b>Executive directors</b>					
Mr. Jiang Weiping	-	-	-	-	-
Mr. Jiang Deyi *	-	480,205.44	302,700.00	23,794.56	806,700.00
Mr. Shi Xijun	-	336,205.44	308,200.00	23,794.56	668,200.00
Mr. Zang Feng	-	336,205.44	298,200.00	23,794.56	658,200.00
Mr. Wang Hongjun	-	336,205.44	365,900.00	23,794.56	725,900.00
Mr. Wang Shizhong	-	336,205.44	374,750.00	23,794.56	734,750.00
	-	1,825,027.20	1,649,750.00	118,972.80	3,593,750.00
<b>Non-executive director</b>					
Mr. Yu Shiliang	33,335.00	-	-	-	33,335.00
Mr. Yu Kaijun	33,335.00	-	-	-	33,335.00
	66,670.00	-	-	-	66,670.00
<b>Supervisors</b>					
Mr. Hu Jingshan	-	-	-	-	-
Mr. Qian Xiaoqiang	-	50,000.00	-	-	50,000.00
Mr. Zhang Dengfeng	-	156,425.44	294,504.00	23,794.56	474,724.00
Mr. Zhang Yifeng	-	140,185.44	247,212.00	23,794.56	411,192.00
Mr. Wang Xin	-	146,345.44	288,357.00	23,794.56	458,497.00
	-	492,956.32	830,073.00	71,383.68	1,394,413.00
	66,670.00	2,317,983.52	2,479,823.00	190,356.48	5,054,833.00

\* Mr. Jiang Deyi is the President of the Company.



## Notes to Financial Statements

For the year ended 31 December 2015

### XIV. OTHER SIGNIFICANT MATTERS *(continued)*

#### 5. Top 5 paid employees

During the reporting year, 5 highest paid employees are all non-directors employees (2014: five non-director employees), the remuneration details of whom are as follows:

	2015	2014
Salaries, allowances and benefits in kind	<b>2,246,708.16</b>	2,362,973.20
Performance related bonuses	<b>2,051,833.00</b>	3,435,500.00
Pension scheme contributions	<b>106,971.84</b>	95,178.24
	<b>4,405,513.00</b>	5,893,651.44

The remuneration distribution of the non-director highest paid employees was as follows:

	Remuneration amount of employees	
	2015	2014
Hong Kong dollar 0 – 1,000,000	<b>2</b>	0
Hong Kong dollar 1,000,001 – 1,500,000	<b>3</b>	5
	<b>5</b>	5

## Notes to Financial Statements

For the year ended 31 December 2015

### XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

#### 1. Other receivables

An aging analysis of other receivables are as follows:

	2015	2014
Within 1 year (inclusive of 1 year)	<b>32,029,460,118.93</b>	26,100,296,237.43
1 to 2 years (inclusive of 2 years)	<b>256,734.52</b>	15,162,064.12
2 to 3 years (inclusive of 3 years)	<b>30,326,885.36</b>	93,366,478.64
3 to 4 years (inclusive of 4 years)	<b>30,379,950.00</b>	–
Over 5 years	<b>29,320,301.52</b>	41,698,366.10
	<b>32,119,743,990.33</b>	26,250,523,146.29
Less: Provision for bad debts of other receivables	<b>40,970,070.23</b>	40,970,070.23
	<b>32,078,773,920.10</b>	26,209,553,076.06

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

	2015	2014
At the beginning of the year	<b>40,970,070.23</b>	31,698,203.12
Provision for the year	–	9,113,985.00
Merger of subsidiaries	–	157,882.11
At the end of the year	<b>40,970,070.23</b>	40,970,070.23

## Notes to Financial Statements

For the year ended 31 December 2015

### XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 1. Other receivables (continued)

	2015				2014			
	Gross carrying amount		Provision for bad debts		Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		(%)	(%)			(%)	(%)	
Individually significant and subject to separate provision for bad debts	53,112,933.06	0.17	29,360,768.06	55.28	54,077,733.06	0.21	29,360,768.06	54.29
Provision for bad debts by group								
Within 1 year (inclusive of 1 year)	13,440,850.00	0.04	-	-	24,016,493.80	0.09	-	-
Over 5 years	4,240,000.00	0.01	4,240,000.00	100.00	9,754,425.49	0.04	9,754,425.49	100.00
	17,680,850.00	0.05	4,240,000.00	-	33,770,919.29	0.13	9,754,425.49	19.93
Special credit characteristics group	32,040,231,268.53	99.77	-	-	26,160,755,451.88	99.65	-	-
Individually not significant but subject to separate provision for bad debts	8,718,938.74	0.01	7,369,302.17	84.52	1,919,042.06	0.01	1,854,876.68	96.66
	<b>32,119,743,990.33</b>	<b>100.00</b>	<b>40,970,070.23</b>		<b>26,250,523,146.29</b>	<b>100.00</b>	<b>40,970,070.23</b>	

As at 31 December 2015, other receivables which were individually significant and separately provided 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	Partially uncollectible
Second	22,732,983.06	20,246,783.06	89.06	Partially uncollectible
	<b>53,112,933.06</b>	<b>29,360,768.06</b>		

## Notes to Financial Statements

For the year ended 31 December 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 separately provided 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	Partially uncollectible
Second	23,697,783.06	20,246,783.06	85.44	Partially uncollectible
	<u>54,077,733.06</u>	<u>29,360,768.06</u>		

As at 31 December 2015, the top five other receivables are as follows:

	Closing balance	Percentage	Nature	Provision for bad debts	
				Aging Analysis	Closing balance
Beijing BBMG Dacheng Property Development Co., Ltd.	6,878,312,800.50	21.41	Amounts due from subsidiaries	Within one year	-
BBMG GEM Real Estate Development Co., Ltd.	5,563,943,638.75	17.32	Amounts due from subsidiaries	Within one year	-
Beijing BBMG Property Investment Co., Ltd.	3,291,400,000.00	10.24	Amounts due from subsidiaries	Within one year	-
Shanghai BBMG Dacheng Property Development Co., Ltd.	1,680,000,000.00	5.23	Amounts due from subsidiaries	Within one year	-
Chengdu BBMG Dacheng Property Development Co., Ltd.	1,320,263,719.75	4.11	Amounts due from subsidiaries	Within one year	-
	<u>18,733,920,159.00</u>	<u>58.31</u>			

## Notes to Financial Statements

For the year ended 31 December 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 were as follows:

	Closing balance	Percentage	Nature	Aging Analysis	Provision for bad debts Closing balance
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 subsidiaries, joint ventures and associates are as follows:

	2015	2014
Amounts due from subsidiaries	<b>31,971,632,410.19</b>	26,051,635,844.39
Amounts due from a joint venture	<b>96,688,940.00</b>	81,688,940.00
Amounts due from associates	–	12,119,564.73
	<u><b>32,068,321,350.19</b></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 other than amounts due from a joint venture.

# Notes to Financial Statements

For the year ended 31 December 2015

## XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

### 2. Long-term equity investments

2015

	Investment cost	Opening balance	Increase/decrease for the year	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the year
<b>Cost method:</b>							
Beijing Lulihe 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	1,718,173.04
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	17,874,000.00
Zhangjiakou Jinyu Cement Co., Ltd.	353,071,805.81	353,071,805.81	-	353,071,805.81	100	100	-
Tianjin Zhenxing Cement Co., Ltd.	422,950,236.38	392,950,236.38	30,000,000.00	422,950,236.38	62	62	-
Qiyang Jinyu Cement Co., Ltd.	245,747,261.65	245,747,261.65	-	245,747,261.65	90	90	9,000,000.00
Siping BBMG Cement Co., Ltd.	156,000,000.00	156,000,000.00	-	156,000,000.00	52	52	12,896,000.00
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	4,969,020.00
Beijing Keshi Hardware Co., Ltd.	64,098,826.55	64,098,826.55	-	64,098,826.55	100	100	1,557,000.00
Beijing Jiandu Design and Research Institute Co., Ltd.	9,405,299.48	9,405,299.48	-	9,405,299.48	100	100	2,308,652.99
BBMG (Dachang) Xiandai Industrial Garden 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	-
BBMG GEM Real Estate Development Co., Ltd.	3,065,138,411.45	3,065,138,411.45	-	3,065,138,411.45	100	100	952,789,494.36
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	8,100,000.00
Beijing Jimhaiyan 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	454,972,278.46
*Tianjin BBMG Concrete Co., Ltd.	447,454,707.80	347,454,707.80	100,000,000.00	447,454,707.80	91	91	16,538,487.12
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	-

## Notes to Financial Statements

For the year ended 31 December 2015

## XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

## 2. Long-term equity investments (continued)

2015 (continued)

	Investment cost	Opening balance	Increase/decrease for the year	Closing balance	Percentage of shareholding (%)	Percentage of voting right (%)	Cash dividends for the year
<b>Cost method: (continued)</b>							
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	3,736,017.99
Beijing BBMG Business and Trading Co., Ltd.	660,000,000.00	660,000,000.00	-	660,000,000.00	100	100	18,733,999.92
Beijing Jinhaiyan Property Management Co., Ltd.	13,133,292.75	5,633,292.75	7,500,000.00	13,133,292.75	100	100	-
Beijing BBMG Chengyuan Property Development Co., Ltd.	473,509,857.53	473,509,857.53	-	473,509,857.53	100	100	310,293,000.00
Beijing Building Decoration and Design Engineering Co., Ltd.	82,429,882.34	82,429,882.34	-	82,429,882.34	100	100	5,814,000.00
Beijing Lvduoshangke 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	18,170,000.00
BBMG Hongye Ecological Science and Technology Co., Ltd.	815,331,413.51	815,331,413.51	-	815,331,413.51	100	100	65,010,000.00
BBMG Hong Kong Limited.	288,057,387.91	37,137.91	288,020,250.00	288,057,387.91	100	100	-
Beijing 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 BBMG 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	36,783,139.58
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	100	100	12,570,789.18
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.	66,000,000.00	30,000,000.00	36,000,000.00	66,000,000.00	100	100	-
Handan Danshan 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.	166,166,021.38	110,107,838.28	56,058,183.10	166,166,021.38	100	100	78,669,163.35
Bo'ai BBMG Cement Co., Ltd.	285,000,000.00	285,000,000.00	-	285,000,000.00	95	95	-
BBMG Finance Co., Ltd.	1,000,000,000.00	1,000,000,000.00	-	1,000,000,000.00	100	100	80,349,536.39
Beijing Dynea Chemical Industry Co., Ltd.	35,358,791.69	35,358,791.69	-	35,358,791.69	100	100	-
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	25,010,788,846.44	23,259,551,844.79	1,751,237,001.65	25,010,788,846.44			2,115,723,752.38

## Notes to Financial Statements

For the year ended 31 December 2015

### XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 2. Long-term equity investments (continued)

**Equity method:**

**2015**

	Change for the year							Provision for year-end impairment
	Opening balance	Decrease in Investment	income or losses under equity law	Other changes in equity	Cash dividend declared	Provisions for impairment	Year-end carrying amount	
Joint ventures								
STAR-USG Building Materials Co., Ltd.	17,789,937.84	-	(15,471,053.09)	-	-	-	2,318,884.75	-
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	-	(10,846,029.82)	-	-	-	86,783,222.28	-
Zehnder (china) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	98,362,708.22	-	772,763.99	-	-	-	99,135,472.21	-
OCV Reinforcements (Beijing) Co., Ltd.	60,310,207.81	-	8,346,992.93	-	(4,484,672.26)	-	64,172,528.48	-
Beijing Gaoqiang Concrete Co., Ltd.	27,810,842.09	-	(2,775,530.36)	-	(881,700.00)	-	24,153,611.73	-
Subtotal for associates	289,582,444.89	-	(4,501,803.26)	-	(5,366,372.26)	-	279,714,269.37	5,469,434.67
Total	307,372,382.73	-	(19,972,856.35)	-	(5,366,372.26)	-	282,033,154.12	5,469,434.67

As at 31 December 2015, there was no listed investment in long-term equity investment.



## Notes to Financial Statements

For the year ended 31 December 2015

### XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 3. Investment property

Measured subsequently at fair value:

##### 2015

	Buildings
Opening balance	9,045,893,879.03
Changes in fair value	353,449,552.95
Closing balance	9,399,343,431.98

##### 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)
Changes in fair value	514,844,018.30
Closing balance	9,045,893,879.03

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 31 December 2015, there was no investment property for which the procedures for obtaining title certificates were incomplete.

## Notes to Financial Statements

For the year ended 31 December 2015

### XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 4. Operating revenue and cost

Operating revenue is as follows:

	2015	2014
Revenue from principal operations	873,687,933.91	753,117,214.74
Revenue from other operations	5,624,958.40	13,566,604.51
	<b>879,312,892.31</b>	<b>766,683,819.25</b>

Operating cost is as follows:

	2015	2014
Cost of principal operations	90,490,734.04	110,473,019.72
Cost of other operations	1,305,947.40	-
	<b>91,796,681.44</b>	<b>110,473,019.72</b>

Information by products is as follows:

	2015		2014	
	Revenue	Cost	Revenue	Cost
Rental income	873,687,933.91	90,490,734.04	753,117,214.74	110,473,019.72
Others	5,624,958.40	1,305,947.40	13,566,604.51	-
	<b>879,312,892.31</b>	<b>91,796,681.44</b>	<b>766,683,819.25</b>	<b>110,473,019.72</b>

## Notes to Financial Statements

For the year ended 31 December 2015

### XV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

(continued)

#### 5. Investment income

	2015	2014
Income from long-term equity investments under cost method	<b>2,115,723,752.38</b>	948,303,283.68
Loss from long-term equity investments under equity method	<b>(19,972,856.35)</b>	(30,563,565.27)
	<b><u>2,095,750,896.03</u></b>	<b><u>917,739,718.41</u></b>

#### 6. Notes to items of statement of cash flows

	2015	2014
Cash received from other operating activities		
Cash received from subordinate units	<b>26,255,959,022.66</b>	23,981,535,570.72
Cash received from internal borrowings among subsidiaries	<b>18,184,363,557.09</b>	17,003,731,333.34
Interests income	<b>53,916,453.11</b>	30,744,607.20
	<b><u>44,494,239,032.86</u></b>	<b><u>41,016,011,511.26</u></b>
Cash paid for other operating activities		
Cash paid to subordinate units	<b>23,699,462,018.69</b>	25,152,279,579.52
Current accounts of subsidiaries	<b>26,088,141,360.10</b>	19,853,532,142.43
Expenses of the headquarters	<b>153,264,447.48</b>	143,881,118.69
	<b><u>49,940,867,826.27</u></b>	<b><u>45,149,692,840.64</u></b>

## Notes to Financial Statements

For the year ended 31 December 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:

	2015	2014
Net profit	2,247,906,934.00	1,172,999,536.37
Add: Provisions for assets impairment	9,769,003.63	9,113,985.00
Depreciation of fixed assets	69,378,982.66	66,506,419.49
Amortisation of intangible assets	13,698,310.16	14,334,179.52
Gain from disposal of fixed assets, intangible assets and other long-term assets	(103,616.00)	(8,641,332.21)
Gain from fair value change	(353,449,552.95)	(514,844,018.30)
Finance costs	2,082,326,424.85	1,898,272,214.04
Investment income	(2,095,750,896.03)	(917,739,718.41)
Increase in deferred income tax assets	(37,776,698.62)	(65,486,848.23)
Increase in deferred income tax liabilities	88,362,388.24	165,708,793.96
Increase in operating receivables	(5,755,200,438.26)	(5,989,952,861.43)
Decrease in operating payables	(1,014,863,976.91)	541,911,822.30
Net cash flows from operating activities	<b>(4,745,703,135.23)</b>	<b>(3,627,817,827.90)</b>

##### (2) Cash and cash equivalents

	2015	2014
Cash	8,258,522,946.00	3,965,411,184.97
Including: Cash on hand	—	—
Bank deposits on demand	8,258,522,946.00	3,965,411,184.97
Balance of cash and cash equivalents at end of the year	<b>8,258,522,946.00</b>	<b>3,965,411,184.97</b>

## Supplementary Information to Financial Statements

For the year ended 31 December 2015

### 1. SUMMARY OF NON-RECURRING PROFIT AND LOSS ITEMS

	2015
Profit and loss from disposal of non-current assets	<b>(25,066,847.78)</b>
Government grants recognised through profit and 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)	<b>392,462,100.40</b>
Profit and loss from debt restructuring	<b>(50,188.15)</b>
Profit and loss from fair value change of investment properties measured subsequently at fair value	<b>602,186,288.95</b>
Other non-operating income and expenses other than the above items	<b>102,058,880.23</b>
Total non-recurring profit and loss	<b>1,071,590,233.65</b>
Impact on income tax	<b>(267,897,558.41)</b>
Impact on minority interests	<b>(40,030,367.79)</b>
	<b>763,662,307.45</b>

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:

	2015	Reason for being recognised as recurring profit or loss
Refunds of VAT	<b>193,061,858.89</b>	related to operations
Grants for the sale of heat	<b>18,195,652.44</b>	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 Financial Statements

For the year ended 31 December 2015

### 2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

2015

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	6.24	0.42	0.42
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	3.88	0.26	0.26

2014

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	8.24	0.52	0.52
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	5.68	0.36	0.36

The Company did not have potentially dilutive ordinary shares.

## Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years is set out below:

### RESULTS

	2015 RMB' 000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
OPERATING REVENUE	<b>40,925,341</b>	41,241,474	44,789,759	34,054,096	28,744,794
NET PROFIT	<b>1,951,068</b>	2,708,973	3,243,158	3,153,158	3,593,125
NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	<b>2,017,454</b>	2,422,722	3,215,183	2,968,714	3,428,645
DIVIDEND	<b>160,167</b>	239,232	373,202	304,145	308,429
DIVIDEND PER SHARE	<b>RMB0.030</b>	RMB0.050	RMB0.078	RMB0.071	RMB0.072
EARNINGS PER SHARE (BASIC)	<b>RMB0.42</b>	RMB0.52	RMB0.75	RMB0.69	RMB0.81

### ASSETS, LIABILITIES AND MINORITY INTERESTS

	2015 RMB' 000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS	<b>41,411,072</b>	40,666,165	38,682,324	36,059,925	32,188,730
CURRENT ASSETS	<b>89,335,633</b>	75,018,806	60,157,226	47,101,879	44,726,243
TOTAL ASSETS	<b>130,746,704</b>	115,684,971	98,839,550	83,161,804	76,914,972
CURRENT LIABILITIES	<b>65,186,574</b>	59,513,656	52,059,972	43,462,947	39,299,199
NON-CURRENT LIABILITIES	<b>23,378,256</b>	19,923,927	16,754,264	14,666,087	15,900,158
TOTAL LIABILITIES	<b>88,564,830</b>	79,437,583	68,814,237	58,129,034	55,199,356
MINORITY INTERESTS	<b>4,098,901</b>	5,140,120	3,745,173	2,120,785	1,561,837
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	<b>38,082,973</b>	31,107,268	26,280,140	22,911,984	20,153,779
NET ASSETS VALUE PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	<b>RMB7.13</b>	RMB6.50	RMB6.13	RMB5.35	RMB4.70

**BBMG**

**2015**





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