

Cement
Modern Building Materials
Property Development
Property Investment & Management

Interim Report

2012

BBMG 金隅

**北京金隅股份有限公司
BBMG CORPORATION***

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

Stock Code : 2009



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CORPORATE INFORMATION

Chinese name of the Company	北京金隅股份有限公司
English name of the Company	BBMG Corporation*
Headquarters	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Registered office and principal place of business in the PRC	No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Principal place of business in Hong Kong	Room 904, Wah Ying Cheong Central Building 158 – 164 Queen’s Road Central, Hong Kong
Website of the Company	www.bbm.com.cn
Legal representative	Jiang Weiping
The Board	
<i>Executive Directors</i>	Jiang Weiping (<i>Chairman</i>) Jiang Deyi (<i>President</i>) Shi Xijun Wang Hongjun Deng Guangjun (resigned on 11 July 2012)
<i>Non-executive Directors</i>	Li Xinhua
<i>Independent non-executive Directors</i>	Hu Zhaoguang Zhang Chengfu Xu Yongmo Yip Wai Ming
Supervisors	Wang Xiaoqun Hu Jingshan Zhang Jie Hong Ye Wang Youbin Ma Weixin Sheng Guihua
Committees	
<i>Audit Committee</i>	Zhang Chengfu (<i>Chairman</i>) Hu Zhaoguang Xu Yongmo Li Xinhua Yip Wai Ming
<i>Remuneration and Nomination Committee</i>	Jiang Weiping (<i>Chairman</i>) Shi Xijun (<i>Vice Chairman</i>) Hu Zhaoguang Zhang Chengfu Xu Yongmo

* For identification purpose only

<i>Strategic Committee</i>	Jiang Weiping (<i>Chairman</i>) Jiang Deyi (<i>Vice Chairman</i>) Wang Hongjun Hu Zhaoguang Zhang Chengfu Xu Yongmo Deng Guangjun (resigned on 11 July 2012)
Authorised representatives	Wang Hongjun Wu Xiangyong
Joint company secretaries	Wu Xiangyong Lau Fai Lawrence
Board secretary	Wu Xiangyong
Qualified accountant	Lau Fai Lawrence
Listing Information	
<i>A Shares</i> 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
<i>H Shares</i> H Share registrar	Computershare Hong Kong Investor Services Limited Shops 1712 – 1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong
Place of listing	The Stock Exchange of Hong Kong Limited
Stock name	BBMG
Board lot	500 shares
Stock code	02009.HK
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 auditors	Ernst & Young Hua Ming <i>Certified Public Accountants</i>
Legal advisers	Paul Hastings <i>As to Hong Kong law</i> Guantao Law Firm <i>As to PRC law</i>



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of BBMG Corporation (the "**Company**"), I am pleased to present to you the interim results of the Company for the six months ended 30 June 2012 (the "**Reporting Period**"), and the satisfactory performance of the Company during the said period for your review.

Interim Results

During the Reporting Period, the Company's revenue amounted to approximately RMB14,746.0 million, an increase of approximately 12.8% as compared with the same period of 2011; net profit attributable to the owners of the Company was approximately RMB1,387.2 million, a decrease of approximately 15.2% as compared with the same period of 2011; and basic earnings per share were approximately RMB0.32.



Jiang Weiping
Chairman



Business Environment

During the Reporting Period, the world economy saw a slowdown in its growth momentum. The Eurozone sovereign debt crisis faces uncertain prospects, and the risk for an economic downside further heightened. The China's economic growth slowed down yet the overall national economy remained steady. Domestic economy achieved growth while maintaining stability. Under the impact of the domestic and international economic landscapes, the national demand for cement witnessed a slowdown. Competition in the market intensified, leading to a year-on-year decrease in both profit and price. Under multiple influences including the industrial regulation by the PRC government, and the cut in reserve ratio and the continuous lowering of interest rate by The People's Bank of China, trading volume in the property market recorded a noticeable pick-up.

Review

Given the challenging global economic environment and the complex domestic and economic landscapes worldwide, the Board of the Company seized all development opportunities accurately by defining a clear direction for development, formulating development strategies in a scientific manner, and fine-tuning the path for development. Capitalizing on the industry regulatory policies, the Company stepped up efforts to utilize its advantages in strategic deployment, industrial chain, management integration and technological innovation, and maintained a steady and healthy growth in the Company's operation results.

During the Reporting Period, the four major business segments of the Company overcame various challenges and difficulties as they adapted to macro-control and the drastic changes in the market, and seized development opportunities while continuously enhancing overall strength.

Capitalizing on its advantageous strategic layout and ever-strengthening organic growth capabilities, the cement and ready-mixed concrete segment successfully created a favorable position in the market amidst intense regional competition, leading to the acceleration of the transition toward environmentally-friendly production and continuous enhancement of sustainable development capabilities. The modern building materials segment effectively carried out major projects with strategic significance for future growth, creating favorable conditions and laying down a solid foundation for expediting business model transition and technical upgrade. The property development segment made great strides in “structure adjustments for project development and land reserve” as well as “continuing to raise the pace in the collection of funds and to enhance the settlement efficiency of booked GFA” against tough market conditions, sparing no effort to maintain sustainable healthy development. The property investment and management segment leveraged on its integrated advantage and maintained a satisfactory growth momentum.

Internal consolidation and control of the Company made further progress, providing more synergy and security for the overall development of the Company. The corporate governance structure was being refined progressively, creating reliable management guarantee for the boost of corporate vitality. The Company further reinforced its foundation for rapid development as a market leader with the gradual formation of an innovation-driven layout.

Prospects

Given the instability and uncertainties of global economic recovery and an overview of the international and domestic economic landscapes, China is still in a crucial stage of strategic opportunities. The PRC government will adhere to its economic policy of “making progress while maintaining stability” (穩中求進), implement proactive fiscal policies and prudent monetary policies, and progressively push forward the adjustment of industrial structure and the transformation of economic growth pattern. Efforts will also be made in the development of real economy, the acceleration of infrastructure constructions including water conservancy facilities, the construction of affordable housing and the rehabilitation of dilapidated buildings in urban area. These initiatives are expected to create market opportunities for the Company's development.

In the second half of 2012, the Company will develop and establish a number of new industrial fulcrums with strong growth and build more large-scale industrial clusters, including:

The cement and ready-mixed concrete segment will stick to regional development, expand and improve the current unique business pattern guided by the 'grand-cross shape' strategy (大十字戰略), with an aim to strengthen its competitive edge. By building regional core enterprises into a number of bases with radiating influences, the Company will step up the construction of regional clusters stretching vertically and create overall economic growth points;

The modern building materials segment will stick to the 'industrial park-based' (園區化) development pattern, making industrial parks the strategic bases for BBMG's modern building materials manufacturing segment. The commerce and logistics operation will further develop a business model that matches its own features and conscientiously explore a scientific path for expanding its operation scale, so as to reach the goal of becoming stronger, larger and better operations shortly.

The property development segment will continue to raise the pace of fund collection and enhance the settlement efficiency of booked GFA, build the land bank in a reasonable manner when appropriate opportunities may arise, consolidate and expand its development advantage in regions where it has established presence, in a bid to create a healthy circular mechanism of "project development, product sales, land bank building" (開發項目—銷售產品—儲備土地). Adhering to the long-term strategic goals to radiate to a wider area with existing local markets as cores, the Company will endeavor to establish economic growth points in different regions, thus strengthening the influence and growth potentials of the brand name of BBMG property developed by the Company in a larger market.

The property investment and management segment will focus on improving its operation efficiency, management ability and service quality, consolidate and deepen the effect of business integration, and uncover growth potentials, creating new economic growth points for the Company backed by the existing industrial advantages.

The Company will continue to promote innovation in mechanism, management and system, elevate standards of internal management, and continuously improve the corporate governance structure characterizing coordinated operation, effective implementation and scientific balancing. Adhering to the development concept of “environmental friendly, resource saving, technologically advanced and urban servicing” (環境友好型、資源節約型、技術先進型、城市服務型), we stick to the development principle of “a harmonious integration of economic, social and ecological benefits”, and further speed up the transformation process towards green development. The Company will also strengthen the building of the cultural system of the Company, making our corporate culture a cornerstone to preserve the spirit of humanities while we are continuously striving to secure business opportunities and sustainable development amid fierce competition.

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

Jiang Weiping

Chairman of the Board

Beijing, the PRC

28 August 2012





MANAGEMENT
DISCUSSION AND
ANALYSIS

Summary of Financial Information

Unit: RMB million

	For the six months ended		Change
	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)	
Revenue	14,746.0	13,077.7	12.8%
Revenue from principal business	14,490.7	12,911.2	12.2%
Gross profit from principal business	4,221.5	3,798.6	11.1%
Gross profit ratio from principal business (%)	29.13	29.42	a decrease of 0.29 percentage point
Net profit	1,527.9	1,701.0	-10.2%
Net profit attributable to the owners of the Company	1,387.2	1,635.8	-15.2%
Basic earnings per share (RMB)	0.32	0.39	-17.9%
Total assets	78,994.3	77,086.2	2.5%
Equity attributable to the owners of the Company	21,231.0	20,153.8	5.3%

Summary of Business Information

	For the six months ended		
	30 June 2012	30 June 2011	Change
Cement Segment			
Cement sales volume (in million tonnes)	15.01	17.43	-13.9%
Concrete sales volume (in million cubic meters)	4.10	3.52	16.5%
Modern Building Materials Segment			
Refractory materials (in thousand tonnes)	112.0	134.4	-16.7%
Property Development Segment			
Booked gross floor area ("GFA") (in thousand sq.m.)	478.9	374.1	28.0%
GFA under presales contracts (in thousand sq.m.)	438.1	372.7	17.6%
Property Investment and Management Segment			
Gross GFA of investment properties (in thousand sq.m.)	742.0	745.0	-0.4%

Review on Overall Performance

In the first half of 2012, the Company witnessed steady growth in its performance. Revenue amounted to RMB14,746.0 million, up 12.8% as compared with the same period of 2011, of which, the revenue from principal business increased by 12.2% to RMB14,490.7 million; gross profit from principal business reached RMB4,221.5 million, up 11.1% as compared with the same period of 2011; net profit attributable to the owners of the Company amounted to RMB1,387.2 million, a decrease of 15.2% as compared with the same period of 2011.

The four major business segments of the Company, namely cement, modern building materials, property development and property investment and management achieved steady development:

- revenue from the principal business of the cement segment decreased by 13.8% to RMB5,313.6 million; gross profit from principal business of this segment reached RMB1,047.3 million, representing a decrease of 29.4%;
- revenue from the principal business of the modern building materials segment grew by 19.3% to RMB3,011.9 million; gross profit from principal business of this segment reached RMB553.0 million, representing a growth of 10.8%;
- revenue from the principal business of the property development segment rose to RMB5,569.6 million, representing a growth of 42.1%; gross profit from principal business of this segment reached RMB2,160.5 million, representing an increase of 44.4%; and
- revenue from the principal business of the property investment and management segment increased by 11.0% to RMB787.5 million; gross profit from principal business of this segment reached RMB464.9 million, representing a growth of 5.7%.

Analysis on the Operation of Business Segments

1. Cement Segment

Overcoming various obstacles including the restriction on electricity supply and production, the Company and its subsidiaries (collectively, the “**Group**”) forged ahead with the “grand cross-shape” (大十字) strategy and completed the acquisitions of a number of cement enterprises. This enabled the Group to expand its market coverage into Shanxi province and Henan province, and therefore the Group managed to realize the expansion of operation scale and optimization of industrial layout, strengthening its control over

regional cement markets. Meanwhile, by upholding “centralized marketing and supply, standardized quality control and unified management for new projects and projects under construction” (統一營銷、統一供應、統一質量控制標準和統一新(在)建項目管理), the Group developed an efficient interaction mechanism which could give full play to the synergy. Ready-mixed concrete business gained a foothold in regional markets like Tianjin and Hebei, further expanding the profit sources of products. In the first half of 2012, consolidated sales volume of cement and clinker was 15.01 million tonnes, a decrease of 2.42 million tonnes as compared with the same period of 2011; sales volume of concrete totaled 4.10 million cubic meters, a growth of 0.58 million cubic meter as compared with the same period of 2011. The cement segment realized a revenue from principal business of RMB5,313.6 million, representing a decrease of 13.8% as compared with the same period of 2011; gross profit from principal business decreased by 29.4% as compared with the same period of 2011 to RMB1,047.3 million.

2. Modern Building Materials Segment

The development layout of five key sectors and two modern industrial parks is taking shape through deepening adjustment of the industrial structure and optimizing resource allocation. The five key sectors represent furniture and wood, walls and insulation materials, decoration materials, refractory materials and trade and logistics, and two modern industrial parks refer to Dachang Industrial Park and Doudian Industrial Park. In the first half of 2012, this segment realized revenue from principal business of RMB3,011.9 million, representing an increase of 19.3% as compared with the same period of 2011; gross profit from principal business was RMB553.0 million, up 10.8% as compared with the same period of 2011.

3. Property Development Segment

Progressively implementing adjustments to the “two structures” (兩個結構) while sticking to the strategy of “accelerating cash flow” (好水快流), the Company made great strides in expanding its business network into cities like Tianjin, Chongqing, Haikou and Tangshan, which enabled the Company to scale up its multi-region development as well as formulate a healthy development layout. In the first half of 2012, the property development segment realized a revenue of RMB5,569.6 million from principal business, up 42.1% as compared with the same period of 2011; gross profit from principal business was RMB2,160.5 million, up 44.4% as compared with the same period of 2011; booked GFA was 478,900 sq.m., an increase of 28.0% as compared with the same period of 2011; total presales GFA for the first half of the year was 438,100 sq.m., representing an increase of 17.6% as compared with the same period of 2011. As at the end of the Reporting Period, the Company’s land reserve totaled approximately 5.80 million sq.m..

4. Property Investment and Management Segment

Giving full play to our advantage of integration and our innovative operation model, the Company enhanced the quality of services and standards of management, leading to a progressive growth in economic benefits and operating capacity. In the first half of 2012, the segment recorded a revenue of RMB787.5 million from principal business, representing a growth of 11.0% as compared with the same period of 2011; gross profit from principal business increased by 5.7% as compared with the same period of 2011 to RMB464.9 million. As at the end of the Reporting Period, the GFA of the Group's investment properties in the core districts of Beijing reached approximately 742,000 sq.m..

Investment properties held by the Group as at 30 June 2012

	Location	GFA (thousand sq.m.)	Fair value (RMB million)	Unit rental (RMB/day)	Average Occupancy Rate	Unit fair value (RMB/sq.m.)
Phase 1 of Global Trade Center	North Third Ring, Beijing	105	2,257	7.2	89%	21,388
Phase 2 of Global Trade Center	North Third Ring, Beijing	145	2,536	5.3	92%	17,455
Phase 3 of Global Trade Center (G/F)	North Third Ring, Beijing	61	903	5.1	92%	14,785
Tengda Plaza	West Second Ring, Beijing	78	1,185	5.7	97%	15,191
Jin Yu Building	West Second Ring, Beijing	44	808	5.2	85%	18,356
Jianda Building/ Jiancai Jingmao Building	East Second Ring, Beijing	48	1,006	4.0	97%	21,152
Dacheng International Center	East Fourth Ring, Beijing	42	538	2.9	100%	12,840
	Sub-total	523	9,233			17,641
Other properties	Beijing Municipality	219	2,713			12,436
	Total	742	11,946			16,109

Segment Information

For the six months ended 30 June 2012 (Unaudited)

Unit: RMB

	Cement	Modern building materials	Property development	Property investment and management	Unallocated head office assets/liabilities/overheads	Elimination on consolidation	Total
Revenue from external customer	5,415,890,060.11	2,881,676,483.63	5,558,341,764.79	890,050,827.28	-	-	14,745,959,135.81
Inter-segment revenue	7,238,017.87	179,234,698.55	-	22,774,339.19	-	(209,247,055.61)	-
	5,423,128,077.98	3,060,911,182.18	5,558,341,764.79	912,825,166.47	-	(209,247,055.61)	14,745,959,135.81
Gain/(loss) on investments in jointly controlled entities and associates	1,019,442.76	(16,569,298.93)	-	(21,752,512.47)	-	-	(37,302,368.64)
Asset impairment losses	10,661,851.45	14,967,985.82	148,604.09	(12,620,290.76)	-	-	13,158,150.60
Depreciation and amortization	409,625,260.84	52,611,113.04	5,989,528.11	89,159,905.81	-	-	557,385,807.80
Total profit	522,390,350.40	183,526,380.12	1,303,995,947.11	625,872,384.18	(326,497,544.12)	(195,611,606.78)	2,113,675,910.91
Income tax expense	131,703,334.51	57,301,455.98	325,422,329.06	114,379,890.70	-	(43,080,881.95)	585,726,128.30
Total assets	23,675,475,098.71	9,442,626,657.40	33,512,314,887.00	47,237,594,558.04	1,654,857,922.43	(36,528,545,018.08)	78,994,324,105.50
Total liabilities	12,169,827,951.46	5,374,129,279.85	26,660,792,881.10	31,727,812,026.10	976,626,777.21	(20,938,781,449.80)	55,970,407,465.92
Other disclosure:							
Long-term equity investment in jointly controlled entities and associates	20,653,020.00	114,467,226.21	10,000,000.00	262,051,766.84	-	-	407,172,013.05
Increase of other non-current assets other than long-term equity investment	1,444,397,663.79	83,060,716.51	5,376,344.80	90,504,745.08	-	-	1,623,339,470.18

For the six months ended 30 June 2011 (Unaudited)

Unit: RMB

	Cement	Modern building materials	Property development	Property investment and management	Unallocated head office assets/liabilities/overheads	Elimination on consolidation	Total
Revenue from external customer	6,261,484,203.16	2,321,776,371.20	3,745,574,669.14	748,818,348.62	-	-	13,077,653,592.12
Inter-segment revenue	21,002,777.57	191,425,711.66	201,706,064.29	11,870,572.32	-	(426,005,125.84)	-
	6,282,486,980.73	2,513,202,082.86	3,947,280,733.43	760,688,920.94	-	(426,005,125.84)	13,077,653,592.12
Gain/(loss) on investments in jointly controlled entities and associates	913,458.01	(8,532,862.00)	9,772,772.20	(2,832,543.98)	-	-	(679,175.77)
Asset impairment losses	10,813,137.76	7,258,323.26	-	-	-	-	18,071,461.02
Depreciation and amortization	408,637,642.11	66,721,175.18	2,123,501.93	50,365,434.11	-	-	527,847,753.33
Total profit	1,153,327,173.39	115,087,090.76	840,918,968.66	642,282,040.72	(269,587,176.57)	(154,406,950.54)	2,327,621,146.42
Income tax expense	267,771,762.38	32,886,811.93	218,165,591.79	131,254,262.24	-	(23,470,780.36)	626,607,647.98

Segment revenue from external customers of the Group are mainly derived from operations in the PRC and major business and customers and major non-current assets of the Group are located in the PRC.

Analysis on the Financial Position during the Reporting Period

1. Gains from changes in fair value of investment properties

The Company conducted a subsequent measurement of the investment properties at the fair value at the date of the balance sheet. Changes in fair value are recognized in "Gains from changes in fair value" on the income statement. The fair value is estimated by an independent valuer based on the prices in the open market on a regular basis.

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

During the Reporting Period, gains from changes in fair value of investment properties of the Company were RMB346.7 million, accounting for 16.4% of the profits before tax. The fair value gains on investment properties for the period were mainly due to an upward revision to the fair value of the investment properties of the Company by the valuer based on the recent rising rental of commercial properties on the open market in Beijing.

2. Selling expenses, general and administrative expenses and financial expenses

The expenses of the Group generally remained stable and recorded some growth in line with business expansion during the Reporting Period.

- (1) In the first half of 2012, selling expenses were RMB581.9 million, an increase of RMB110.4 million as compared with the same period of 2011. Such increase was mainly due to the increase in labour costs and transportation costs driven by business expansion.
- (2) In the first half of 2012, general and administrative expenses were RMB998.2 million, an increase of RMB75.1 million as compared with the same period of 2011. Such increase was mainly due to business expansion.
- (3) In the first half of 2012, financial expenses were RMB470.7 million, an increase of RMB133.4 million as compared with the same period of 2011. Such increase was mainly due to increased borrowings in line with the business needs of the Company.

3. Cash flows

In the first half of 2012, a net decrease of RMB773.7 million in cash and cash equivalents was recognized in consolidated financial statements of the Company, which included the net cash inflow generated from operating activities of RMB825.1 million, the net cash outflow from investment activities of RMB1,656.2 million and the net cash inflow generated from financing activities of RMB57.4 million.

Summary of Financial Information

Unit: RMB million

	As at 30 June 2012 (Unaudited)	As at 31 December 2011 (Audited)	Change
Current assets	45,521.1	44,897.5	1.4%
Current liabilities	41,749.1	39,470.5	5.8%
Net current assets	3,772.0	5,427.0	-30.5%
Non-current assets	33,473.2	32,188.7	4.0%
Non-current liabilities	14,221.3	15,900.2	-10.6%
Total assets	78,994.3	77,086.2	2.5%
Equity attributable to the owners of the Company	21,231.0	20,153.8	5.3%
Debt ratio (total liabilities to total assets) (%)	70.9	71.8	a decrease of 0.9 percentage point

Liquidity and Financial Resources

As at 30 June 2012, the Group's consolidated total assets amounted to RMB78,994.3 million, an increase of 2.5% from the beginning of the Reporting Period, comprising total liabilities of RMB55,970.4 million, non-controlling interests of RMB1,792.9 million and equity attributable to the owners of the Company of RMB21,231.0 million. The asset quality of the Group was significantly improved; total shareholders' equity amounted to RMB23,023.9 million, an increase of 6.0% from the beginning of the Reporting Period. As at 30 June 2012, the Group's total current assets were RMB45,521.1 million, an increase of RMB623.6 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 70.9%, a decrease of 0.9 percentage point from the beginning of the Reporting Period.

As at 30 June 2012, the Group's cash and bank balances amounted to RMB6,998.5 million, a decrease of RMB920.0 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, medium-term notes and banking facilities provided by the principal bankers in the PRC. As at 30 June 2012, the Group's interest-bearing bank borrowings amounted

to RMB23,517.4 million. Of these borrowings, approximately RMB17,509.9 million interest bearing bank borrowings were due for repayment within one year, an increase of approximately RMB2,618.9 million from the beginning of the Reporting Period. Approximately RMB6,007.5 million interest-bearing bank borrowings were due for repayment after one year, a decrease of approximately RMB1,765.1 million from the beginning of the Reporting Period.

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

Commitments

Unit: RMB

	As at 30 June 2012 (Unaudited)	As at 31 December 2011 (Audited)
Acquisition or construction of fixed assets which are contracted but not completed	606,136,198.89	649,549,808.22
Property construction contracts which are contracted and being executed or will be executed	5,459,159,454.00	6,857,714,585.64
Equity investment contract which is contracted and being executed	141,500,000.00	195,000,000.00
	6,206,795,652.89	7,702,264,393.86

Contingent Liabilities

Unit: RMB

	As at 30 June 2012 (Unaudited)	As at 31 December 2011 (Audited)
Contingent liabilities arising from providing guarantees externally	4,596,633,006.20	3,120,640,376.71

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.

Employees

As at 30 June 2012, the Group had 33,418 employees in total (as at 31 December 2011: 33,678). The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to the PRC laws and regulations. The Group pays salaries to the employees based on a combination of factors such as their positions, lengths of service and work performance, and reviews these salaries and benefits on a regular basis.

Foreign Exchange Risk Management

The Group mainly operates its business in the PRC. During the Reporting Period, sales proceeds and procurement expenses of the Group were mainly denominated in RMB. Most of the Group's financial instruments such as accounts and bills 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 material challenges for the Group or had any significant effects on its operations or working capital during the year. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

Pledge of Assets

As at 30 June 2012, certain of the Group's fixed assets, investment properties, properties under development and land use rights amounting to approximately RMB10,896.5 million (31 December 2011: RMB10,793.8 million) were pledged to certain banks for securing the bank loans granted to the Group and accounted for approximately 13.8% of the total assets of the Group (31 December 2011: 14.0%).

Treasury Policies

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

Substantial Acquisition and Disposal of Subsidiaries and Associates

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

Significant Events after Balance Sheet Date

The Group did not have any significant event after balance sheet date that was required to be disclosed.

Other Information

Substantial Shareholders' and Other Persons' Interests in Shares

As at 30 June 2012, the total issued share capital of the Company was 4,283,737,060 shares, of which 3,114,354,625 were A shares and 1,169,382,435 were H shares and to the best knowledge of the directors of the Company (the "Directors"), the records of interest (being 5% or more of the Company's issued share capital) as registered in the register kept by the Company under section 336 of the Securities and Futures Ordinance (the "SFO") were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
A Shares	BBMG Group Company Limited	Directly and Beneficially Owned	1,844,852,426	59.24	43.07
A Shares	China National Materials Co., Ltd.	Directly and Beneficially Owned	239,580,000	7.69	5.59
H Shares	Sloane Robinson LLP	Directly and Beneficially Owned	70,497,000	6.03	1.65
H Shares	Baring Asset Management Limited	Directly and Beneficially Owned	66,920,500	5.72	1.56
H Shares	HSBC Global Asset Management (Hong Kong) Limited	Directly and Beneficially Owned	59,982,748	5.13	1.40

Short positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
A Shares	BBMG Group Company Limited	Directly and Beneficially Owned	92,120,474	2.96	2.15

Save as disclosed above, as at 30 June 2012, there were no other parties who had interests or short positions in the shares or underlying shares of the Company which would fall to be recorded in the register required to be kept under section 336 of the SFO.

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

As at 30 June 2012, none of the Directors, supervisors and chief executives of the Company had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 of the laws of Hong Kong), which will have to be notified to the Company and the Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Model Code for Securities Transactions by Directors and Supervisors

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

As at 30 June 2012, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Required Standard during the period of six months ended 30 June 2012. Specific enquiry has been made to all Directors and supervisors, who have confirmed that they had complied with the Required Standard during the Reporting Period.

Purchase, Sales or Redemption of the Company’s Listed Securities

The Group did not sell any securities of the Company, nor did it repurchase or redeem any of the securities of the Company during the six months ended 30 June 2012.

Corporate Governance Code

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate administration. The Board continuously observes the principles of good corporate governance in the interests of shareholders and devotes considerable effort identifying and formalizing best practice. The Board is of the opinion that, for the six months ended 30 June 2012, the Company had complied with all the applicable provisions contained in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules (effective until 31 March 2012) and the Corporate Governance Code (with effect from 1 April 2012), save for the requirements under Rule 3.25 of the Listing Rules. Pursuant to Rule 3.25, an issuer must establish a remuneration committee chaired by an independent non-executive director. The Company has established the Remuneration and Nomination Committee which is chaired by the chairman and an executive director of the Board instead of an independent non-executive director. The Company considers that a unified committee is a more suitable and effective arrangement for the Company to monitor the structure, size and composition of the Board and the remuneration of each Director in light of the diversified and complex business operations of the Group. The Company was, and is still, in the course of identifying candidates for its new session of the Board when the new Rule 3.25 took effect in April 2012, and considers a change of chairman of the Remuneration and Nomination Committee at that material time would disturb the identification process and would be detrimental to the stability of the Board. The Board undertakes to replace the chairman of the Remuneration and Nomination Committee by an independent non-executive director after the new session of the Board is selected and appointed by the shareholders of the Company by the end of 2012.

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

Investor Relations Management

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the Reporting Period, the Group has been actively maintaining contact with investors and keeping them abreast of the latest industry updates, corporate communications and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. The secretary of the Board and one of the joint company secretaries, Wu Xiangyong, is responsible for the investor relations of the Group with the full support from the Board and the senior management. During the six months ended 30 June 2012, the Group actively participated in various investor relations activities and provided on-time information to investors through its company website.

1. Investor Forums and Conferences

During the six months ended 30 June 2012, the Group attended a number of investor forums, roadshows and presentations held by renowned investment and securities firms in the PRC, Hong Kong and Singapore, and actively organized one-on-one and group meetings with various fund managers and analysts. During the Reporting Period, the Group has met with more than 200 analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group.

2. Ongoing Communications with Shareholders, Investors and Analysts

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

3. Results Announcement

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

4. Maintaining Interactive Communications with Media

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

5. Timely Dissemination of Latest Corporate Updates

Company website is considered to be one of the quickest means to communicate with investors. Information was disseminated through the Company's website www.bbmj.com.cn as the platform to communicate with the public. The Group regularly updated the website contents, 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, 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 Information

1. Share Particulars

H Shares

Listing date	29 July 2009
Stock Exchange	Hong Kong Stock Exchange
Board lot	500 Shares
Number of issued H Shares	1,169,382,435 shares (as at 30 June 2012)
Stock code	02009.HK

A Shares

Listing date	1 March 2011
Stock Exchange	Shanghai Stock Exchange
Board lot	100 Shares
Number of issued A Shares	3,114,354,625 shares (as at 30 June 2012)
Stock code	601992

2. Financial Calendar

2011 annual results announcement	published on 28 March 2012
2011 Annual general meeting	24 May 2012
Closure of register of H shares members for attending the 2011 annual general meeting	25 April 2012 – 24 May 2012
2012 interim results announcement	published on 28 August 2012
Financial year end	31 December

3. Dividends

2011 final dividends	RMB0.072 per share (or equivalent to HK\$0.0885 per share)
Closure of register of H shares members for 2011 final dividends	14 June 2012 – 18 June 2012
Payment of 2011 final dividends of H Shares	23 July 2012

For any queries, please contact:
BBMG Corporation
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22nd Floor, Tower D
Global Trade Center
No. 36 North Third Ring East Road
Dongcheng District 100013
Beijing
The People's Republic of China

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

Audit Committee

The Company has established the Audit Committee pursuant to the provisions of the Listing Rules, aimed at reviewing and supervising the Group's financial reporting procedures. The Audit Committee is composed of one non-executive Director and four independent non-executive Directors. At the meeting convened on 28 August 2012, the Audit Committee had reviewed the unaudited interim financial statements for the six months ended 30 June 2012. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, considered the Group's financial statements for the first half of 2012 and recommended their adoption by the Board.

As at 30 June 2012, members of the Audit Committee are Mr Zhang Chengfu (independent non-executive Director), Mr Hu Zhaoguang (independent non-executive Director), Mr Xu Yongmo (independent non-executive Director), Mr Li Xinhua (non-executive Director) and Mr Yip Wai Ming (independent non-executive Director). Mr Zhang Chengfu is the chairman of the Audit Committee.

Auditors

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

Report on Review of Interim Financial Statements



Ernst & Young Hua Ming (2012) Shen Zi No. 60667053_A01

To the shareholders of BBMG Corporation:

We have reviewed the accompanying financial statements of BBMG Corporation, which comprise the consolidated and company statements of financial position as at 30 June 2012, and the consolidated and company income statements, the consolidated and company statements of changes in equity and statements of cash flows for the six-month period then ended, and explanatory information (collectively as the "Interim Financial Statements"). The management of BBMG Corporation is responsible for the preparation of the Interim Financial Statements. Our responsibility is to issue a report on the Interim Financial Statements based on our review.

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

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

Ernst & Young Hua Ming

Chinese Certified Public Accountant: Meng Dong
Chinese Certified Public Accountant: Li Wen Peng
Beijing, the People's Republic of China

28 August 2012

Unaudited Interim Consolidated Statement of Financial Position

As at 30 June 2012

	Note V	30 June 2012 RMB (Unaudited)	31 December 2011 RMB (Audited)
Assets			
Current Assets			
Cash and bank balances	1	6,998,480,616.73	7,918,479,363.14
Bills receivable	2	762,174,804.79	1,347,905,318.65
Accounts receivable	4	4,701,088,408.43	3,490,937,470.40
Advances to suppliers	6	1,230,147,867.26	1,397,237,511.97
Interests receivable	3	3,922,269.61	1,858,662.81
Other receivables	5	2,086,022,849.54	2,458,939,025.66
Inventories	7	28,750,064,617.88	27,269,465,788.38
Other current assets	8	989,215,784.47	1,012,675,280.06
Total current assets		45,521,117,218.71	44,897,498,421.07
Non-current assets			
Available-for-sale financial assets	9	–	95,138.56
Long-term equity investments	11	426,177,979.31	440,313,672.69
Investment properties	12	11,946,000,000.00	11,599,000,000.00
Fixed assets	13	14,713,289,032.36	14,613,460,813.77
Construction in progress	14	1,499,530,979.01	950,567,721.98
Construction materials	15	24,792,481.08	15,242,793.42
Intangible assets	16	3,378,275,295.73	3,352,071,838.39
Goodwill	17	312,051,745.55	312,051,745.55
Long-term prepayments	18	431,433,373.92	169,908,175.40
Deferred tax assets	19	741,655,999.83	736,017,669.07
Total non-current assets		33,473,206,886.79	32,188,729,568.83
Total assets		78,994,324,105.50	77,086,227,989.90

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Consolidated Statement of Financial Position (continued)

As at 30 June 2012

	Note V	30 June 2012 RMB (Unaudited)	31 December 2011 RMB (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	22	12,405,590,000.00	11,286,861,222.71
Bills payable	23	418,176,519.92	361,817,226.63
Accounts payable	24	5,654,922,351.15	5,124,354,120.51
Advances from customers	25	10,700,511,821.68	11,621,778,319.64
Employee benefits payable	26	113,009,320.80	143,715,522.38
Taxes payable	27	738,929,538.73	1,022,224,403.63
Interests payable	28	181,886,114.06	121,856,589.77
Dividends payable	29	361,891,666.77	55,043,247.30
Other payables	30	3,469,635,760.09	3,578,163,312.55
Non-current liabilities due within one year	32	5,104,299,049.24	3,604,124,049.24
Other current liabilities	33	2,600,266,381.37	2,550,516,056.02
Total current liabilities		41,749,118,523.81	39,470,454,070.38
Non-current liabilities			
Long-term loans	34	6,007,497,451.30	7,772,597,451.30
Bonds payable	35	4,697,186,084.28	4,687,098,763.98
Long-term payables	36	522,743,491.00	528,129,048.14
Provision	31	36,382,171.40	33,029,889.08
Deferred tax liabilities	19	2,335,401,440.29	2,234,700,987.92
Other non-current liabilities	37	622,078,303.84	644,601,568.27
Total non-current liabilities		14,221,288,942.11	15,900,157,708.69
Total liabilities		55,970,407,465.92	55,370,611,779.07
Equity			
Share capital	38	4,283,737,060.00	4,283,737,060.00
Capital reserve	39	5,310,271,285.55	5,311,872,199.72
Surplus reserve	40	340,879,231.86	340,879,231.86
Retained earnings	41	11,296,216,462.24	10,217,411,951.85
Exchange differences on foreign currency translation		(126,550.74)	(121,272.28)
Equity attributable to the owners of the Company		21,230,977,488.91	20,153,779,171.15
Non-controlling interests		1,792,939,150.67	1,561,837,039.68
Total shareholders' equity		23,023,916,639.58	21,715,616,210.83
Total liabilities and shareholders' equity		78,994,324,105.50	77,086,227,989.90

The financial statements have been signed by:

Legal representative:
Jiang Weiping

CFO:
Wang Hongjun

Head of accounting department:
Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Consolidated Income Statement

For the six months ended 30 June 2012

	Note V	For the six months ended 30 June 2012 RMB (Unaudited)	For the six months ended 30 June 2011 RMB (Unaudited)
Revenue	42	14,745,959,135.81	13,077,653,592.12
Less: Cost of sales	42	10,397,377,679.85	9,209,023,403.16
Taxes and surcharges	43	764,353,984.63	516,706,105.81
Selling expenses	44	581,866,026.29	471,471,783.48
General and administrative expenses	45	998,193,416.56	923,092,322.99
Financial expenses, net	46	470,709,511.65	337,261,247.57
Impairment losses	49	13,158,150.60	18,071,461.02
Add: Gains from changes in fair value	47	346,744,119.25	419,839,599.88
Investment income/(loss)	48	(19,589,256.13)	(615,759.37)
Including: Share of profits and losses of associates and jointly-controlled entities		(37,302,368.64)	(679,175.77)
Operating profit		1,847,455,229.35	2,021,251,108.60
Add: Non-operating income	50	297,910,514.70	329,716,836.68
Less: Non-operating expenses	51	31,689,833.14	23,346,798.86
Including: Loss on disposal of non-current assets		11,235,299.81	2,713,503.23
Total profit		2,113,675,910.91	2,327,621,146.42
Less: Income tax expenses	52	585,726,128.30	626,607,647.98
Net profit		1,527,949,782.61	1,701,013,498.44
Including: Net profit of acquirees in business combination under common control from the beginning of the period to combination date		–	13,379,132.67
Net profit attributable to the owners of the Company		1,387,233,578.71	1,635,823,872.88
Non-controlling interests		140,716,203.90	65,189,625.56
Earnings per share	53		
Basic earnings per share (RMB/share)		0.32	0.39
Diluted earnings per share (RMB/share)		0.32	0.39
Other comprehensive income/(loss)	54	(78,984.71)	(12,845.23)
Total comprehensive income		1,527,870,797.90	1,701,000,653.21
Attributable to:			
Owners of the Company		1,387,154,594.00	1,635,811,027.65
Non-controlling interests		140,716,203.90	65,189,625.56

The financial statements have been signed by:

Legal representative:
Jiang WeipingCFO:
Wang HongjunHead of accounting department:
Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012 (Unaudited)

		Equity attributable to the owners of the Company							
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal	Non-controlling interests	Total equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
1.	Balance as at the beginning of the period	4,283,737,060.00	5,311,872,199.72	340,879,231.86	10,217,411,951.85	(121,272.28)	20,153,779,171.15	1,561,837,039.68	21,715,616,210.83
2.	Movements during the period								
(1)	Net Profit	-	-	-	1,387,233,578.71	-	1,387,233,578.71	140,716,203.90	1,527,949,782.61
(2)	Other comprehensive income	-	(73,706.25)	-	-	(5,278.46)	(78,984.71)	-	(78,984.71)
	Total comprehensive income	-	(73,706.25)	-	1,387,233,578.71	(5,278.46)	1,387,154,594.00	140,716,203.90	1,527,870,797.90
(3)	Capital contribution and reduction from shareholders								
1.	Capital contribution from non-controlling shareholders	-	(1,527,207.92)	-	-	-	(1,527,207.92)	119,503,518.72	117,976,310.80
2.	Disposal of subsidiaries	-	-	-	-	-	-	(11,058,942.08)	(11,058,942.08)
(4)	Profit distribution								
1.	Dividend to shareholders (note)	-	-	-	(308,429,068.32)	-	(308,429,068.32)	(18,058,669.55)	(326,487,737.87)
3.	Balance as at the end of the period	4,283,737,060.00	5,310,271,285.55	340,879,231.86	11,296,216,462.24	(126,550.74)	21,230,977,488.91	1,792,939,150.67	23,023,916,639.58

Note: Upon the consideration and approval at the 2011 annual general meeting of BBMG Corporation convened on 24 May 2012, profit distribution for the year 2011 was calculated based on 4,283,737,060 ordinary shares in issue, with the distribution of a final dividend of RMB0.72 per 10 shares (tax included) in an aggregate amount of cash dividends of RMB308,429,068.32.

The financial statements have been signed by:

Legal representative:
Jiang Weiping

CFO:
Wang Hongjun

Head of accounting department:
Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2011 (Unaudited)

		Equity attributable to the owners of the Company							
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal	Non-controlling interests	Total equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
1.	Balance as at the beginning of the period	3,873,332,500.00	5,762,755,343.12	192,547,417.28	7,236,960,736.60	119,337.37	17,065,715,334.37	1,881,765,710.86	18,947,481,045.23
2.	Movements during the period								
(1)	Net Profit	-	-	-	1,635,823,872.88	-	1,635,823,872.88	65,189,625.56	1,701,013,498.44
(2)	Other comprehensive income	-	(12,845.23)	-	-	-	(12,845.23)	-	(12,845.23)
	Total comprehensive income	-	(12,845.23)	-	1,635,823,872.88	-	1,635,811,027.65	65,189,625.56	1,701,000,653.21
(3)	Capital contribution and reduction from shareholders								
1.	Net capital contribution from non-controlling shareholders	-	(5,042,750.21)	-	-	-	(5,042,750.21)	90,448,797.22	85,406,047.01
2.	Acquisition of non-controlling interests by issue of new shares	410,404,560.00	421,914,961.98	-	-	-	832,319,521.98	(890,484,604.74)	(58,165,082.76)
3.	Business combination under common control	-	(856,112,700.00)	-	-	-	(856,112,700.00)	-	(856,112,700.00)
4.	Business combination	-	-	-	-	-	-	82,038,549.00	82,038,549.00
(4)	Profit distribution								
1.	Dividend to shareholders	-	-	-	(299,861,594.20)	-	(299,861,594.20)	(24,607,665.19)	(324,469,259.39)
3.	Balance as at the end of the period	4,283,737,060.00	5,323,502,009.66	192,547,417.28	8,572,923,015.28	119,337.37	18,372,828,839.59	1,204,350,412.71	19,577,179,252.30

The financial statements have been signed by:

Legal representative:
Jiang Weiping

CFO:
Wang Hongjun

Head of accounting department:
Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Note V	For the six months ended 30 June 2012 RMB (Unaudited)	For the six months ended 30 June 2011 RMB (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		13,568,446,681.24	12,644,450,264.24
Refunds of taxes		54,777,747.08	70,571,260.58
Cash received from other operating activities	55	652,307,018.99	1,017,639,597.75
Subtotal of cash inflows from operating activities		14,275,531,447.31	13,732,661,122.57
Cash paid for goods and services		(9,907,553,108.43)	(11,555,840,908.49)
Cash paid to and on behalf of employees		(1,115,756,313.75)	(938,165,739.69)
Cash paid for all types of taxes		(1,624,423,896.49)	(1,675,266,985.53)
Cash paid relating to other operating activities	55	(802,661,253.16)	(1,548,369,523.96)
Subtotal of cash outflows from operating activities		(13,450,394,571.83)	(15,717,643,157.67)
Net cash flows from/(used in) operating activities	56(1)	825,136,875.48	(1,984,982,035.10)
II. Cash flows from investing activities			
Cash received from redemption of investments		49,349.57	10,000,000.00
Cash received from return on investments		1,100,924.74	32,577,837.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		103,977,388.24	102,009,436.03
Net cash received from disposal of subsidiaries and other business entities	56(2)	8,164,989.31	–
Subtotal of cash inflows from investing activities		113,292,651.86	144,587,273.79
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(1,703,478,313.25)	(1,048,999,145.02)
Cash paid for acquisition of investments		(65,967,600.00)	–
Net cash paid for acquisition of subsidiaries and other business entities	56(2)	–	(547,652,569.34)
Subtotal of cash outflows from investing activities		(1,769,445,913.25)	(1,596,651,714.36)
Net cash flows used in investing activities		(1,656,153,261.39)	(1,452,064,440.57)

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2012

	Note V	For the six months ended 30 June 2012	For the six months ended 30 June 2011
		RMB (Unaudited)	RMB (Unaudited)
III. Cash flows from financing activities			
Cash received from capital contributions		19,650,000.00	15,601,447.01
Cash received from borrowings		8,415,590,000.00	9,453,110,552.24
Cash received from other financing activities	55	-	212,865,979.19
Subtotal of cash inflows from financing activities		8,435,240,000.00	9,681,577,978.44
Cash repayments for borrowings		(7,561,786,222.71)	(5,962,746,073.00)
Cash paid for distribution of dividends or profits and for interest expenses Including: Dividends paid by subsidiaries to non-controlling shareholders		(816,052,578.31)	(344,381,311.30)
		(18,058,669.55)	(25,289,311.30)
Subtotal of cash outflows from financing activities		(8,377,838,801.02)	(6,307,127,384.30)
Net cash flows from financing activities		57,401,198.98	3,374,450,594.14
IV. Effect of changes in exchange rate on cash and cash equivalents		(96,100.84)	692,071.33
V. Net decrease in cash and cash equivalents		(773,711,287.77)	(61,903,810.20)
Add: Cash and cash equivalents at the beginning of the period		5,126,471,371.39	5,030,591,724.13
VI. Cash and cash equivalents at the end of the period	56(3)	4,352,760,083.62	4,968,687,913.93

The financial statements have been signed by:

Legal representative:
Jiang Weiping

CFO:
Wang Hongjun

Head of accounting department:
Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Statement of Financial Position

As at 30 June 2012

	Note XI	30 June 2012 RMB (Unaudited)	31 December 2011 RMB (Unaudited)
Assets			
Current assets			
Cash and bank balances		1,516,658,121.17	2,067,665,937.14
Bills receivable		11,730,000.00	194,431,820.00
Interests receivable		393,167,588.30	244,076,234.45
Dividends receivable		1,227,179,889.72	1,735,410,104.56
Other receivables	1	13,802,498,391.95	12,052,309,719.02
Other current assets		17,365,034.41	–
Total current assets		<u>16,968,599,025.55</u>	<u>16,293,893,815.17</u>
Non-current assets			
Long-term equity investments	2	17,125,701,534.64	16,567,433,258.32
Investment properties		7,056,900,000.00	6,853,600,000.00
Fixed assets		1,417,721,538.00	1,446,902,166.97
Construction in progress		77,411,422.97	1,116,000.00
Intangible assets		498,442,855.74	505,996,003.17
Total non-current assets		<u>26,176,177,351.35</u>	<u>25,375,047,428.46</u>
Total assets		<u>43,144,776,376.90</u>	<u>41,668,941,243.63</u>

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Statement of Financial Position (continued)

As at 30 June 2012

	Note XI	30 June 2012 RMB (Unaudited)	31 December 2011 RMB (Unaudited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans		11,242,500,000.00	9,960,500,000.00
Advances from customers		101,189,408.25	91,625,849.71
Employee benefits payable		-	328,640.47
Taxes payable		1,906,931.83	5,975,518.37
Interests payable		180,820,848.43	110,626,337.81
Dividends payable		329,180,884.88	37,204,079.53
Other payables		5,395,927,001.95	4,884,855,537.01
Non-current liabilities due within one year		<u>2,695,000,000.00</u>	<u>1,820,000,000.00</u>
Total current liabilities		<u>19,946,525,075.34</u>	<u>16,911,115,962.90</u>
Non-current liabilities			
Long-term loans		2,540,000,000.00	3,865,000,000.00
Bonds payable		4,697,186,084.28	4,687,098,763.98
Long-term payables		499,319,864.96	504,999,278.14
Deferred tax liabilities		<u>1,060,866,102.60</u>	<u>996,643,603.02</u>
Total non-current liabilities		<u>8,797,372,051.84</u>	<u>10,053,741,645.14</u>
Total liabilities		<u>28,743,897,127.18</u>	<u>26,964,857,608.04</u>
Equity			
Share capital		4,283,737,060.00	4,283,737,060.00
Capital reserve		5,724,155,727.37	5,724,155,727.37
Surplus reserve		340,879,231.86	340,879,231.86
Retained earnings		<u>4,052,107,230.49</u>	<u>4,355,311,616.36</u>
Total shareholders' equity		<u>14,400,879,249.72</u>	<u>14,704,083,635.59</u>
Total liabilities and shareholders' equity		<u>43,144,776,376.90</u>	<u>41,668,941,243.63</u>

The financial statements have been signed by:

Legal representative:

Jiang Weiping

CFO:

Wang Hongjun

Head of accounting department:

Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Income Statement

For the six months ended 30 June 2012

	Note XI	For the six months ended 30 June 2012	For the six months ended 30 June 2011
		RMB (Unaudited)	RMB (Unaudited)
Revenue	3	248,231,396.06	169,626,691.63
Less: Cost of sales	3	50,963,850.90	26,347,305.17
Taxes and surcharges		13,895,918.27	9,331,953.56
Selling expenses		5,770,500.00	5,257,166.00
General and administrative expenses		79,624,854.37	91,938,094.35
Financial expenses, net		264,897,045.12	163,214,591.80
Impairment losses		(32,355,755.71)	5,514,425.49
Add: Gains from changes in fair value		204,482,857.36	329,200,000.00
Investment income/(losses)	4	(3,160,718.81)	17,391,096.71
Including: Share of profits and losses of associates and jointly-controlled entities		(37,781,216.00)	(10,942,641.28)
Operating profit		66,757,121.66	214,614,251.97
Add: Non-operating income		3,212,195.24	80,008.91
Less: Non-operating expenses		522,124.19	207,431.70
Including: Loss on disposal of non-current assets		340,426.47	70,724.88
Total profit		69,447,192.71	214,486,829.18
Less: Income tax expenses		64,222,510.26	97,968,154.23
Net profit		5,224,682.45	116,518,674.95
Other comprehensive income		-	-
Total comprehensive income		5,224,682.45	116,518,674.95

The financial statements have been signed by:

Legal representative:

Jiang Weiping

CFO:

Wang Hongjun

Head of accounting department:

Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Statement of Changes in Equity

For the six months ended 30 June 2012 (Unaudited)

	Share capital RMB	Capital reserve RMB	Surplus reserve RMB	Retained earnings RMB	Total equity RMB
I. Balance at the beginning of the period	<u>4,283,737,060.00</u>	<u>5,724,155,727.37</u>	<u>340,879,231.86</u>	<u>4,355,311,616.36</u>	<u>14,704,083,635.59</u>
II. Movements during the Period					
(1) Net Profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,224,682.45</u>	<u>5,224,682.45</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,224,682.45</u>	<u>5,224,682.45</u>
(2) Profit distribution					
1. Dividend to shareholders (note)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,429,068.32)</u>	<u>(308,429,068.32)</u>
III. Balance at the end of the period	<u>4,283,737,060.00</u>	<u>5,724,155,727.37</u>	<u>340,879,231.86</u>	<u>4,052,107,230.49</u>	<u>14,400,879,249.72</u>

Note: For details, please refer to the note to the consolidated statement of changes in equity for the six months ended 30 June 2012.

The financial statements have been signed by:

Legal representative:
Jiang Weiping

CFO:
Wang Hongjun

Head of accounting department:
Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Statement of Changes in Equity (continued)

For the six months ended 30 June 2011 (Unaudited)

	Share capital RMB	Capital reserve RMB	Surplus reserve RMB	Retained earnings RMB	Total equity RMB
I. Balance at the beginning of the period	<u>3,873,332,500.00</u>	<u>5,568,781,396.31</u>	<u>192,547,417.28</u>	<u>3,320,186,879.30</u>	<u>12,954,848,192.89</u>
II. Movements during the Period					
(1) Net Profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,518,674.95</u>	<u>116,518,674.95</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,518,674.95</u>	<u>116,518,674.95</u>
(2) Capital contribution and reduction from shareholders					
1. Acquisition of non-controlling interests					
by issue of new shares	410,404,560.00	193,035,317.55	-	-	603,439,877.55
2. Acquisition of subsidiaries under common control	-	(37,660,986.49)	-	-	(37,660,986.49)
(3) Profit distribution					
1. Dividend to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>(299,861,594.20)</u>	<u>(299,861,594.20)</u>
III. Balance at the end of the period	<u>4,283,737,060.00</u>	<u>5,724,155,727.37</u>	<u>192,547,417.28</u>	<u>3,136,843,960.05</u>	<u>13,337,284,164.70</u>

The financial statements have been signed by:

Legal representative:
Jiang Weiping

CFO:
Wang Hongjun

Head of accounting department:
Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Statement of Cash Flows

For the six months ended 30 June 2012

	Note XI	For the six months ended 30 June 2012 RMB (Unaudited)	For the six months ended 30 June 2011 RMB (Unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		234,660,993.06	168,758,121.19
Cash received from other operating activities	5	19,609,895,776.94	18,624,293,823.58
Subtotal of cash inflows from operating activities		19,844,556,770.00	18,793,051,944.77
Cash paid for goods and services		(8,756,563.63)	(9,070,200.39)
Cash paid to and on behalf of employees		(31,534,503.16)	(35,788,940.28)
Cash paid for all types of taxes		(54,444,418.86)	(42,743,403.17)
Cash paid relating to other operating activities	5	(19,708,744,555.71)	(20,589,637,661.78)
Subtotal of cash outflows from operating activities		(19,803,480,041.36)	(20,677,240,205.62)
Net cash flows from/(used in) operating activities	6	41,076,728.64	(1,884,188,260.85)
II. Cash flows from investing activities			
Cash received from return on investments		–	47,606,308.48
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,595,756.59	924,444.73
Net cash received from disposal of subsidiaries and other business entities		8,194,200.00	–
Subtotal of cash inflows from investing activities		9,789,956.59	48,530,753.21
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(151,740,712.95)	(152,036,612.92)
Cash paid for acquisition of investments		(666,306,881.19)	(1,131,570,100.01)
Cash paid for other investing activities	5	–	(58,165,082.76)
Subtotal of cash outflows from investing activities		(818,047,594.14)	(1,341,771,795.69)
Net cash flow used in investing activities		(808,257,637.55)	(1,293,241,042.48)

The notes on pages 44 to 229 form an integral part of these financial statements.

Unaudited Interim Statement of Cash Flows (continued)

For the six months ended 30 June 2012

	Note XI	For the six months ended 30 June 2012 RMB (Unaudited)	For the six months ended 30 June 2011 RMB (Unaudited)
III. Cash flows from financing activities			
Cash received from borrowings		<u>7,802,500,000.00</u>	<u>7,638,000,000.00</u>
Subtotal of cash inflows from financing activities		<u>7,802,500,000.00</u>	<u>7,638,000,000.00</u>
Cash repayments for borrowings		<u>(6,970,500,000.00)</u>	(4,180,000,000.00)
Cash paid for interest expenses		<u>(599,401,895.38)</u>	(427,990,660.97)
Cash paid for distribution of dividends		<u>(16,425,011.68)</u>	-
Subtotal of cash outflows from financing activities		<u>(7,586,326,907.06)</u>	<u>(4,607,990,660.97)</u>
Net cash flows from financing activities		<u>216,173,092.94</u>	<u>3,030,009,339.03</u>
IV. Effect of changes in exchange rate on cash and cash equivalents		<u>-</u>	<u>0.04</u>
V. Net decrease in cash and cash equivalents		<u>(551,007,815.97)</u>	(147,419,964.26)
Add: Cash and cash equivalents at the beginning of the period		<u>2,067,665,937.14</u>	<u>2,096,137,672.75</u>
VI. Cash and cash equivalents at the end of the period	5	<u>1,516,658,121.17</u>	<u>1,948,717,708.49</u>

The financial statements have been signed by:

Legal representative:
Jiang Weiping

CFO:
Wang Hongjun

Head of accounting department:
Hu Juan

The notes on pages 44 to 229 form an integral part of these financial statements.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

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 (the “**PRC**”). It was established on 22 December 2005 jointly by BBMG Group Company Limited (“**BBMG Group**” or the “**Parent**”), China National Materials Company Limited (“**Sinoma**”), Beifang Real Estate Development Co., Ltd. (“**Beifang Real Estate**”), Tianjin Building Materials (Holding) Co., Ltd. (“**Tianjin Building Materials**”) and Hopeson Holdings Limited (“**Hopson**”), pursuant to the Approval on Reorganisation Scheme of BBMG Group Company Limited (Jing Guo Zi Gui Hua Zi [2005] No. 48) issued by Beijing Municipal State-owned Assets Supervision and Administration Commission and the Circular of Approval on Establishment of BBMG Corporation (Jing Fa Gai [2005] No. 2682) issued by Beijing Municipal Development and Reform Commission. It was registered with Beijing Municipal Administration of Industry and Commerce (corporate business license number: 110000410285245). The Renminbi-denominated ordinary shares (A shares) and H shares of the Company are listed on the 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 Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the manufacture and sale of cement and building materials, real estate development, property investment, and the provision of property management services.

The Company’s original registered capital was RMB1,800,000,000, comprising a total of 1,800,000,000 shares in issue. The Company’s shares were issued at a par value of RMB1 each. The capital contributions were verified by the Capital Verification Reports ((2005) Jing Jian Kuai Yan Zi No. 004, (2006) Jing Jian Kuai Wai Yan Zi No. 002, (2007) Jing Jian Kuai Wai Yan Zi No. 002) prepared by Beijing Jianhongxin Certified Public Accountants Company Limited.

Pursuant to the approval by the Ministry of Commerce of the People’s Republic of China (Shang Zi Pi [2008] No. 1001), the Company completed a capital increase in 2008 and increased its registered capital to RMB2,800,000,000, comprising a total of 2,800,000,000 shares in issue, of which 2,279.02 million shares or 81.39% are state-owned legal person shares (held by BBMG Group, Sinoma, Tianjin Building Materials, and China Cinda Asset Management Co., Ltd.), 182.50 million shares or 6.52% are non state-owned legal person shares (held by Hua Xi Xin Yu Investment Co., Ltd., Runfeng Investment Group Co., Ltd., and Beijing Taihong Investment (Group) Co., Ltd.), and 338.48 million shares or 12.09% are foreign shares (held by Hopson and Tai’an Pinghe Investment Co., Ltd.). The capital increase was verified by the Capital Verification Reports (Zhong Xing Hua Yan Zi (2008) No. 007, Zhong Xing Hua Yan Zi (2008) No. 016) prepared by Zhongxinghua Certified Public Accountants Company Limited.

As resolved by the Company’s second extraordinary general meeting in 2008 and under the approval (Zheng Jian Xu Ke [2009] No. 550) of China Securities Regulatory Commission (“**CSRC**”), the Company issued 933,333,000 H shares on 17 July 2009 (listed on 29 July 2009 on the Main Board of the Stock Exchange of Hong Kong), and 139,999,500 H shares on 29 July 2009 (listed on 6 August 2009 on the Main Board of the Stock Exchange of Hong Kong) through the exercise of over-allotment option. At the same time, the 96,050,000 state-owned shares held by the Company’s state-owned shareholders were transferred to the National Social Security Fund Council. As a result, the Company’s registered capital was increased to RMB3,873,332,500. The capital increase was verified by the Capital Verification Report ((2009) Jing Kuai Xing Yan Zi No. 2-026) prepared by Beijing Xinghua Certified Public Accountants Company Limited.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

I. BASIC INFORMATION OF THE GROUP *(CONTINUED)*

As resolved by the Company's third extraordinary general meeting in 2010 and under the approvals (Zheng Jian Xu Ke [2011] No. 166 and Zheng Jian Xu Ke [2011] No. 168) of CSRC on 28 January 2011, the Company initially offered 410,404,560 Renminbi-denominated shares (A shares), all of which are used to finance the merger of Hebei Taihang Cement Co., Ltd. ("**Taihang Cement**"). Upon completion of the merger through share exchange, the former Taihang Cement was deregistered. The A shares were registered with China Securities Depository and Clearing Corporation Limited, Shanghai Branch on 22 February 2011 and listed on the Shanghai Stock Exchange on 1 March 2011. The capital increase through share exchange was verified by the Capital Verification Report ((2011) Jing Kuai Xing Yan Zi No. 4-007) prepared by Beijing Xinghua Certified Public Accountants Company Limited.

As at 30 June 2012, the Company's registered capital is RMB4,283,737,060, comprising a total of 4,283,737,060 shares in issue, details of which are set out in Note V.38.

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

The Group's parent and ultimate holding company is 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 28 August 2012.

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation of the financial statements

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

The interim financial statements have been prepared in accordance with "the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting" issued by the MOF and do not include all the information and disclosures of the audited financial statements for the year ended 31 December 2011. Accordingly, the Interim Financial Statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

The financial statements are presented on a going concern basis.

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

2. 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 30 June 2012 and their financial performance and cash flows for the six months then ended.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the annual financial statements for the year ended 31 December 2011 which were prepared in accordance with Accounting Standards for Business Enterprises.

3. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year. However, the latest accounting period for the Interim Financial Statements is from 1 January 2012 to 30 June 2012.

4. Functional currency

The Group's reporting and presentation currency is Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is RMB yuan.

The subsidiaries, jointly-controlled entities and associates of the Group may determine their own functional currencies based on their specific economic environments. In preparation of financial statements, their functional currencies shall be translated into RMB.

5. 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 Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

5. Business combinations (continued)

Business combinations under common control (continued)

Assets and liabilities that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the combination date as recorded by the party being acquired. 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 from capital reserve 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 considerations 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. If the sum of this consideration and other items mentioned above is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss for the current period.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

6. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the six-month period ended 30 June 2012 of the Company and all of its subsidiaries. A subsidiary is an enterprise or entity 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 intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against non-controlling interests. A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

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.

7. Cash and equivalents

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

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.

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 in other comprehensive income and presented as a separate component of shareholders' equity in the balance sheet. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement. If the disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement on a pro-rata basis.

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

9. Financial instruments

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

Recognition and derecognition

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 a financial asset (or part of a financial asset, or part of a group of similar financial assets) when the following conditions are met:

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

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same credit or 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 as specified 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 and derivatives designated as effective hedging instruments. The Group determines the category of financial assets upon initial recognition. 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 of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognised.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

9. Financial instruments (continued)

Classification and measurement of financial assets (continued)

The subsequent measurement of financial assets depends on its category 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: (i) the financial asset is acquired for the purpose of selling in a short term; (ii) the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; (iii) the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) 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.

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 to maturity. Such kind of financial assets are subsequently measured at amortised cost using the effective interest 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 method. Gains or losses arising from amortisation or impairment are recognised in profit or loss for the current period.

Notes to Unaudited Interim Financial Statements

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II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

9. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as any of the other categories at initial recognition. After initial recognition, available-for-sale financial assets are measured at fair value. The discount/premium is amortised using the effective interest 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 in capital reserve, except that impairment losses and foreign exchange gains or losses resulted from monetary financial assets are immediately recognised as current profit or loss, until the financial asset is derecognised or determined to be impaired, at which time the accumulated gain or loss previously recognised 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.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities or derivatives designated as effective hedging instruments. The Group determines the category of financial liabilities upon initial recognition. 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.

The subsequent measurement of financial liabilities depends on its category 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: (i) the financial liability is assumed for the purpose of repurchasing it in a short term; (ii) the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; (iii) the financial liability is a derivative, except for a derivative that is designated and 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.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

9. Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

Other financial liabilities

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

Fair value of financial instruments

The fair value of financial assets and liabilities for which there are active markets is determined by reference to the quoted market prices. For financial instruments where there are no active markets, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis, and option pricing models or other valuation models.

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is provided 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.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on a financial asset has incurred, the carrying amount of the asset is reduced to the present value of expected future cash flows (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. If a financial asset has a variable interest rate, the Group uses the current effective interest rate stipulated in the contract as the discount rate to calculate the present value of future cash flows.

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 incurs 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 and collectively assessed for impairment.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

9. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

If, subsequent to the Group's recognition of an impairment loss on a financial asset carried at amortised cost, there is objective evidence of a recovery in value of the financial asset and the recovery can be 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.

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.

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. The impairment loss on an available-for-sale equity instrument is not reversed through profit or loss, and any increase of fair value that occurs after the impairment is recognised directly in other comprehensive income.

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.

For a long-term equity investment accounted for according to Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments and which is not quoted in an active market and for which the fair value cannot be reliably measured, any impairment is accounted for in accordance with the above principles.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(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.

10. Receivables

(1) Receivables that are individually significant and individually assessed for impairment

As at the balance sheet date, accounts receivable and other receivables greater than RMB10,000,000 are considered as individually significant and are subject to separate impairment assessment. If there is objective evidence that an impairment loss has been incurred, 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.

(2) Receivables that are not individually significant but individually assessed for impairment

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 Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

10. Receivables (continued)

(3) Receivables that are assessed for impairment by group

Except for receivables that are impaired through individual assessment, the Group considers receivables due from governmental institutions, the Parent and the Group's 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 recorded based on the aging analysis and the accrual percentages are stated as follows:

	Accounts receivable	Other receivables
	Percentage of provision	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
More than 4 years	<u>100</u>	<u>100</u>

11. Inventories

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

Inventories are initially carried at the actual cost. 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 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 based on actual cost upon completion of development.

The Group adopts perpetual inventory system.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

11. Inventories (continued)

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 at the period end, 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.

12. Long-term equity investments

Long-term equity investments include investments in subsidiaries, jointly-controlled entities and associates, as well as investments where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and the fair values of which cannot be reliably measured.

A long-term equity investment is recorded at its initial investment cost on acquisition. For a long-term equity investment acquired through a business combination, the initial investment cost of the long-term equity investment is the acquirer's share of the owner's equity of the party being acquired at the combination date for a business combination under common control; 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. For a long-term equity investment acquired otherwise than through a business combination, the initial investment cost is determined as follows: (i) if acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; (2) if acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; (iii) if contributed by the investors, the initial investment cost is the value stipulated in the investment contract or agreement, except where the value stipulated in the investment contract or agreement is not fair.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

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

For a long-term equity investment where the Group does not have joint control or significant influence over the investee, the investment is not quoted in an active market and its fair value cannot be reliably measured, the Group uses the cost method accounting. For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost method accounting in the Company's financial statements. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

Under the cost method, the long-term equity investment is measured at its initial investment cost. Except for the cash dividend or profit distribution declared but unpaid that is included in the price or consideration paid upon acquisition of a long-term equity investment, the Company recognises its share of cash dividends or profit distributions declared by the investee as investment income in the current period, and considers whether the long-term equity investment is impaired according to the policies related to asset impairment.

The equity method is adopted when the Group holds joint control, or exercises significant influence on the investee. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the significant financial and operational decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate decision making in the financial and operating policies of the investee but is not the power to control or joint control with other parties over 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 Unaudited Interim Financial Statements

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II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

12. 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 made by the investee as investment income or losses, 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 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 entity according to its share 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) and includes the corresponding adjustments in the shareholders' equity.

On disposal of a long-term equity investment, the difference between the carrying amount and the proceeds actually received is recognised in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, any change in the shareholders' equity of the investee included in the shareholders' equity of the Group is transferred to profit or loss for the current period on a pro-rata basis according to the proportion disposed of.

For long-term equity investments in subsidiaries, jointly-controlled entities or associates, refer to Note II.25 for the test for impairment and recognition of provision for impairment.

13. 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.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

13. Investment properties *(continued)*

The Group uses the fair value model for subsequent measurement of its investment properties. Fair value changes are included in "Gains from changes in fair value" 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. Based on such information, the Group makes reasonable estimation about 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.

14. 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.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

14. Fixed assets (continued)

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.

Depreciation 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 vehicles	8 – 10 years	5%	9.50 – 11.88%
Other equipment	5 years	5%	19.00%

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.

For the test for impairment and recognition of provision for impairment related to fixed assets, refer to Note II.25.

15. 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.

For the test for impairment and recognition of provision for impairment related to construction in progress, refer to Note II.25.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

16. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. 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 as an expense during 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; and
- (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 as an expense for the period during which they are incurred.

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

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

16. Borrowing costs *(continued)*

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.

17. 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 with a fair value that can be measured reliably are recognised separately as intangible assets and measured at the fair value at the acquisition date.

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, computer software and proprietary technology.

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.

Mining rights are stated at cost incurred to obtain the mining license. 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.

Notes to Unaudited Interim Financial Statements

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II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

17. Intangible assets *(continued)*

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 definite 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.

For the test for impairment and recognition of provision for impairment related to an intangible asset, refer to Note II. 25.

18. Long-term deferred expenses

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

19. Provisions

Except for contingent consideration transferred and contingent liability assumed in business combinations, 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; and
- (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 the 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.

20. 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 properties

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 construction work has been completed and the properties have been delivered to the buyer pursuant to the sale agreement and the collectability of the related receivables can be determined reasonably.

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II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

20. 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 enterprises 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 the 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.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

21. 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 is not reliably determinable, it is measured at a nominal amount. 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.

22. Income tax

Income tax comprises current and deferred 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 by related tax laws.

Deferred 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 are determinable under tax law.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

22. Income tax (continued)

Deferred 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; or
- (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 tax asset is recognised for deductible temporary differences, carryforward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carryforward of 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 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 tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred 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 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 tax assets to be utilised. Unrecognised deferred 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 tax asset to be recovered.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

22. Income tax (continued)

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

23. Leases

A finance lease is a lease that transfers in substance all the risks and rewards of ownership of an asset. 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.

24. Non-current assets held for sale

Except for financial assets, deferred tax assets and investment properties measured under the fair value model, non-current assets that meet all of the following conditions are classified as held for sale:

- (1) A resolution on the disposal of the non-current assets has been made by the Group;
- (2) A non-cancellable transfer agreement has been signed with the transferee; and
- (3) The transfer is expected to be completed within one year.

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

25. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, investment properties measured under the fair value model, deferred taxes, financial assets and long-term equity investments which are accounted for using the cost method as there are no quoted market prices in active markets and whose fair value cannot be reliably measured, 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 Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

25. 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.

26. Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditures incurred by the Group in exchange for service rendered by employees. In the accounting period in which an employee has rendered service to the Group, the employee benefits payable are recognised as liabilities. For employee benefits payable due in more than one year after the balance sheet date, if the discounted value is significant, it is presented at the present value.

The employees of the Group participate in social insurance, such as pension insurance, medical insurance, and unemployment insurance, and housing fund scheme, which is managed by the local government, and the relevant expenditure is recognised, when incurred, in the costs of relevant assets or the profit or loss for the current period.

When the Group terminates the employment with an employee before the expiry of the employment contract or offers compensation for acceptance of voluntary redundancy, if the Group has developed a formal plan for termination of employment or has made an offer for voluntary redundancy, which will be implemented immediately, and the Group is not allowed to unilaterally withdraw the termination plan or the redundancy offer, the estimated liability for compensation arising from the termination of employment with employees shall be recognised and charged to the profit or loss for the current period.

Notes to Unaudited Interim Financial Statements

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II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

26. Employee benefits *(continued)*

The same principle is applied to the early retirement plan, as it is for the above-mentioned termination benefits. The Group recognises salaries, social insurance premiums, etc., to be paid for the early retired employees, during the period from the date when the employees stop rendering service to the normal retirement date, as payroll payable through profit or loss for the current period, when the above conditions for the recognition of termination benefit plan are satisfied.

In addition, the Group provides supplementary pension subsidies to certain eligible retirees. Such subsidies are considered as defined benefit plans. An actuarial assessment of the defined benefit obligations is performed by a qualified actuary engaged by the Group using the projected unit credit method. No asset provision is proposed for such defined benefit plans. The liability recognised in the balance sheet in respect of these defined benefit plan is equivalent to the present value of the actuarial defined benefit obligations stated in the balance sheet. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rate of government securities which have maturities approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10% of the defined benefit obligations as at the end of the previous year are charged or credited to the income statement over the employees' estimated average remaining working lives.

27. Distribution of profit

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

28. Debt restructuring

A debt restructuring is an event in which a debtor is in financial difficulty and a creditor grants a concession to the debtor in accordance with a mutual agreement or a court judgment.

As a debtor

When a debt is settled by cash in a debt restructuring, the difference between the carrying amount of the debt and the cash actually paid is recognised in profit or loss for the current period. When a debt is satisfied by a transfer of non-cash asset(s) to the creditor in a debt restructuring, the difference between the carrying amount of the debt and the fair value of the non-cash asset(s) transferred is recognised in profit or loss for the current period; the difference between the fair value of the non-cash asset(s) transferred and their carrying amount was recognised in profit or loss for the current period. When a debt is converted into capital in a debt restructuring, the difference between the carrying amount of the debt and the fair value of the capital issued to the creditor is recognised in profit or loss for the current period. When other terms of the debt are modified, the difference between the carrying amount of the debt under restructuring and the sum of the fair value of the debt subsequent to the modification of other terms of the debt and the provisions recognised in respect of amounts payable, shall be included in profit or loss for the current period. When a debt is satisfied by a combination of the methods mentioned above, the carrying amount of the debt is reduced by, and in the sequence of, the cash payment, the fair value of the non-cash asset(s) transferred and the fair value of the capital issued to the creditor, and then accounted for in accordance with the requirements related to a debt restructuring that involves the modification of other terms of a debt.

As a creditor

When a debt is settled by cash in a debt restructuring, the difference between the gross carrying amount of the debt receivable and the cash received is recognised in profit or loss for the current period. When a debt is satisfied by a transfer of non-cash asset(s) in a debt restructuring, the difference between the gross carrying amount of the debt receivable and the fair value of the non-cash asset(s) received is recognised in profit or loss for the current period. When a debt is converted into capital in a debt restructuring, the difference between the gross carrying amount of the debt and the fair value of the equity interest received is recognised in profit or loss for the current period. When other terms of the debt are modified, the difference between the gross carrying amount of the debt receivable under restructuring and the fair value of the debt receivable subsequent to the modification of other terms of the debt, shall be recognised in profit or loss for the current period. When a debt is satisfied by a combination of the methods mentioned above, the gross carrying amount of the debt is reduced by, and in the sequence of, the cash received, the fair value of the non-cash asset(s) obtained and the fair value of the equity interest received, and then accounted for in accordance with the requirements related to a debt restructuring that involves the modification of other terms of a debt.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

28. Debt restructuring (continued)

As a creditor (continued)

If the creditor has provided for impairment loss on the debt receivable, the above difference is used to reduce the impairment provision and any excess is recognised in profit or loss for the current period.

29. Exchange of non-monetary assets

An exchange of non-monetary assets is an exchange between the parties to the transaction of non-monetary assets including but not limited to inventories, fixed assets, intangible assets and long-term equity investments. Such exchange does not involve or only involve a few of monetary assets.

If non-monetary assets transaction is commercial in nature and the fair value of the assets received or the assets surrendered can be reliably measured, the fair value of the assets surrendered (unless there are clear evidences showing the fair value of the assets surrendered is more reliable) and relevant taxes payable are recognised as cost of the assets received. The difference between the fair value and the carrying amount of the assets surrendered is included into the current profit or loss. Where such conditions are not met, the carrying amount and relevant payable taxes of the assets surrendered shall be taken as the cost of the assets received and no profit or loss is recognised.

30. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control or joint control from the same party.

31. Segment reporting

The Group identifies operating segments based on the internal organisation structure, managerial requirements and internal reporting system, identifies reportable segments based on operating segments and discloses segment information by operating segment.

An operating segment is a component of the Group that meets all the following conditions:

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) the Group is able to obtain relevant accounting information such as its financial position, operating results and cash flows of such segment.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

31. Segment reporting *(continued)*

If two or more segments have similar economic characteristics and meet certain conditions, then they can be aggregated into a single operating segment.

32. Significant accounting judgments and estimates

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

Judgements

In the process of applying the Group's accounting policies, the 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 commitments – the Group as lessor

The Group has entered into operating leases 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.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

32. Significant accounting judgments and estimates (continued)

Judgements (continued)

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 judgement. 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 judgement is made on an individual basis when determining whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in shareholders' equity. When the fair value declines, the management makes assumptions about the decline in value to determine whether there is an impairment that shall be recognised in the income statement.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

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. Please refer to Note II.25 for details.

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. Please refer to Note II.25 for details.

Deferred tax assets

Deferred 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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

PRC land appreciation tax

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

PRC corporate income tax

The Company and its subsidiaries spreading across different provinces in the PRC are subject to income taxes in the regions where they operate. As a result of the fact that certain matters relating to corporate income taxes have not been confirmed by the local tax authorities, objective estimates and judgements based on currently enacted tax laws, regulations and other related polices are required in determining the provision for corporate income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the income tax expenses and tax provisions in the period which the differences are realised.

Fair value of investment properties

The fair value of investment properties are revalued at the balance sheet date by an independent professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially 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 Unaudited Interim Financial Statements

As at 30 June 2012

II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (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 judgement 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 realisable value of inventory is the estimated selling price of inventory less the estimated costs upon completion of production, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. The 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 and the assumption on discount rate. Any changes on such estimates will impact the carrying amount of the inventory and the profit for the coming years.

Supplementary retirement subsidies and early retirement benefits

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

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As at 30 June 2012

III. 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 concrete industry, VAT is levied based on the sales revenue at a simplified tax rate of 6%.
Business tax:	It is levied at 3%, 5% and 20% of the taxable business turnover.
City maintenance and construction tax:	It is levied at 7%, 5% and 1% of net VAT and business tax paid.
Education surcharge:	It is levied at 3% of net VAT and business tax paid.
Property tax:	It is levied based on the values of properties owned or used by the Group at the percentages prescribed by the tax laws.
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 user right and buildings on the ground or other structures 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:	It is levied at the tax rate of 25% based on the taxable profit.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

III. TAXATION (CONTINUED)

(2) Tax preferential policies and relevant approvals

1. Value-added tax (VAT)

Certain subsidiaries of the Group enjoy the following VAT preferences pursuant to the Notice on VAT Policy for Integrated Use of Resources and Other Products (Cai Shui [2008] No. 156) and the Supplementary Notice on VAT Policy for Integrated Use of Resources and Other Products (Cai Shui (2009) No. 163):

- (1) Upon the approval of the tax authorities, some of the Group's subsidiaries engaged in cement production and operation enjoys the VAT refund upon collection preferential policy in 2012 in respect of their eligible cement products. Such subsidiaries include Luquan BBMG Dingxin Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd., Cangzhou Lingang BBMG Cement Co., Ltd., Beijing Xingfa Cement Co., Ltd., Beijing BBMG Shunfa Cement Co., Ltd., Beijing Liulihe Cement Co., Ltd., Beijing BBMG Pinggu Cement Co., Ltd., Handan BBMG Taihang Cement Co., Ltd., Handan Shexian BBMG Cement Co., Ltd., Baoding Taihang Heyi Cement Co., Ltd., Beijing Qianglian Cement Co., Ltd., Beijing Taihang Qianjing Cement Co., Ltd. Beijing Cement Plant Co., Ltd. and Zanhuang BBMG Cement Co., Ltd..
- (2) Some of the Group's subsidiaries engaged in concrete production and operation enjoys the VAT exemption preferential policy in 2012 in respect of their eligible concrete products. Such subsidiaries include Beijing BBMG Concrete Co., Ltd., Beijing Jianhua-Bulangni Concrete Co., Ltd., Tianjin BBMG Concrete Co., Ltd. and Shijiazhuang BBMG Xucheng Concrete Co., Ltd..
- (3) The Group's subsidiaries Beijing BBMG Aerated Concrete Co., Ltd., Beijing Aerated Concrete Co., Ltd., Beijing Xiliu Building Materials Co., Ltd. and Beijing Building Materials Academy Co., Ltd. enjoy the VAT exemption preferential policy in respect of their selected building materials in 2012.

Upon the approval of the tax authorities, the Group's subsidiaries Beijing Jinhaiyan Property Management Co., Ltd., Beijing Jiandongyuan Property Management Co., Ltd. and Beijing Nanhu Property Management Co., Ltd. enjoy the VAT exemption for its revenue from the heating services to individual residents in the period from the heating season of 2011 to 31 December 2015 pursuant to the Notice on Continuing Preferential Policies on VAT, Property Tax and Urban Land Use Tax for Heating Enterprises (Cai Shui [2011] No. 118).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

III. TAXATION (CONTINUED)

(2) Tax preferential policies and relevant approvals (continued)

2. Business tax

Upon the approval of the tax authorities, the Group's subsidiaries Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd., BBMG Mangrove Environmental Protection Technology Co., Ltd. and Beijing Bio-Island Science and Technology Co., Ltd. is 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 (Guo Shui Han [2009] No. 587), 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 (Jing Di Shui Han [2009] No. 80) and the Reply of Sanhe Local Taxation Bureau regarding Business Tax Exemption on Revenue from Disposal of Hazardous Wastes (San Di Shui Fa [2011] No. 30).

3. Corporate income tax

Certain subsidiaries of the Group are certified as high-tech enterprises by relevant governmental authorities and enjoy a preferential corporate income tax rate of 15% for high-tech enterprises in 2012 pursuant to Provisional Regulations on Corporate 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 (Guo Shui Han [2009] No. 203). Such subsidiaries include BBMG Mangrove Environmental Protection Technology Co., Ltd., Beijing Building Materials Academy Co., Ltd., Beijing Tongda Refractory Technology Corporation, Beijing Jiandu Design and Research Institute Co., Ltd., Beijing BBMG Cement Energy Saving Technology Co., Ltd., Beijing Alavus Building Energy Saving Components Co., Ltd. and Beijing Building Material Test Center Co., Ltd..

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

III. TAXATION (CONTINUED)

(2) Tax preferential policies and relevant approvals (continued)

3. Corporate income tax (continued)

Upon certification of the relevant governmental authorities and the approval of the tax authorities, certain subsidiaries of the Group enjoy other corporate income tax preferences as follows pursuant to the Provisional Regulations on Corporate Income Tax of the People's Republic of China and relevant requirements:

- (1) Beijing Jinhuyuan Property Management Co., Ltd. and Beijing Yuandong Jiemei Cleaning Services Company Limited as small low-profit enterprises is levied corporate income tax at a rate of 20% in 2012.
- (2) Beijing BBMG Aerated Concrete Co., Ltd. is levied corporate income tax based on 90% of total revenue from its products that are qualified for the national industrial policies on integrated use of resources in the period from 10 December 2010 to 10 December 2012.
- (3) Dachang BBMG Coating Co., Ltd. enjoys a partial relief (reduction by 40%) on corporate income tax for enterprises in ethnic autonomous locality in the period from 1 January 2011 to 31 December 2014.
- (4) Hebei BBMG Mangrove Environmental Co., Ltd enjoys the corporate income tax preferential policy of "exemption for three years and 50% reduction for another three years" since March 2010.
- (5) Beijing Bio-Island Science and Technology Co., Ltd. is an energy and water efficient environmental friendly enterprise and enjoys the corporate income tax of "exemption for three years and 50% reduction for another three years" since 2009.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiaries

The Company's major subsidiaries are listed as follows:

Subsidiaries acquired through establishment, investment or other ways	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways												
BBMG Cement Trading Co., Ltd. (北京金隅水泥贸易有限公司)	Limited liability company	Beijing	Jiang Changlu	Wholesale of cement and cement product etc.	5,000.00	67875332-1	5,000.00	100	-	100	Y	-
Sanhe Jining Mining Co., Ltd. (三河市金隅矿业有限责任公司)	Limited liability company	Sanhe	Chen Changshu	Processing and sale of rock materials for construction	500.00	69207314-6	475.00	-	95	95	Y	2.62
Beijing BBMG Coating Co., Ltd. (北京金隅涂料有限责任公司)	Limited liability company	Beijing	Chen Jun	Manufacture of coating, professional contracting	8,900.00	78173407-3	9,542.12	100	-	100	Y	-
Gangzhou Lingang Jinyu Cement Co., Ltd. (漳州金隅水泥有限公司)	Limited liability company	Gangzhou	Zhou Chengyao	Manufacture and sale of cement and cement product	15,000.00	67418458-X	15,000.00	-	100	100	Y	-
Zanhuang BBMG Cement Co., Ltd. (冀州金隅水泥有限公司)	Limited liability company	Zanhuang	Tian Dachun	Manufacture and sale of cement and clinker	45,000.00	67206252-X	45,000.00	100	-	100	Y	-
Cheng'an Jinhong Concrete Co., Ltd. (陕西金隅混凝土有限公司)	Limited liability company	Cheng'an	Li Huajiang	Manufacture and sale of commercial concrete	1,000.00	57678075-9	1,000.00	-	100	100	Y	-
Beijing Jinyu Pingou Cement Co., Ltd. (北京金隅平谷水泥有限公司)	Limited liability company	Beijing	Zhang Jun	Processing and sale of cement etc.	15,000.00	55856069-9	15,000.00	100	-	100	Y	-
Beijing BBMG Cement Energy Technology Co., Ltd. (北京金隅水泥能源科技有限公司)	Limited liability company	Beijing	Zhang Zengshou	Development and transfer of cement and concrete technology	2,500.00	69504553-8	2,500.00	100	-	100	Y	-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Siping BBMG Cement Co., Ltd. (四平金隅水泥有限公司)	Limited liability company	Siping	Jiang Changlu	Manufacture and sale of cement and cement product etc.	30,000.00	69613692-5	15,600.00	52	-	52	Y	16,328.43
Lingchuan BBMG Cement Co., Ltd. (陵川金隅水泥有限公司)	Limited liability company	Lingchuan	Zhao Jun	Manufacture and sale of cement and clinker	18,000.00	56133455-3	18,000.00	100	-	100	Y	-
Beijing BBMG Mining Co., Ltd. (北京金隅矿业有限公司)	Limited liability company	Beijing	Lu Yong	Sale of metal and other mining material products	500.00	56035555-5	500.00	100	-	100	Y	-
Qinyang BBMG Cement Co., Ltd. (沁阳市金隅水泥有限公司)	Limited liability company	Qinyang	Jiang Changlu	Manufacture and sale of cement and clinker etc.	16,645.00	55316761-X	14,414.51	86.6	-	86.6	Y	2,137.55
Nanxian BBMG Cement Co., Ltd. (南和县金隅水泥有限公司)	Limited liability company	Nan county	Liu Wenyuan	Manufacture and sale of cement and cement product	20,030.00	55147804-3	16,024.00	80	-	80	Y	3,576.39
Zuoquan BBMG Cement Co., Ltd. (左权金隅水泥有限公司)	Limited liability company	Zuoquan county	Li Qiang	Technical consultation service on cement, clinker	21,530.00	57596138-X	21,530.00	100	-	100	Y	-
Xianhua BBMG Cement Co., Ltd. (宣化金隅水泥有限公司)	Limited liability company	Xianhua	Jiang Changlu	Manufacture and sale of cement and clinker	500.00	57551829-X	325.00	65	-	65	Y	139.50
Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd. (河北金隅红树林环保技术股份有限公司)	Limited liability company	Sanhua	Tian Wei	Treatment and disposal of hazardous waste	1,000.00	69466795-X	1,000.00	-	100	100	Y	-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand		Percentage of equity	Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
							Direct (%)	Indirect (%)				
Subsidiaries acquired through establishment, investment or other ways (continued)												
Bo'ai BBMG Cement Co., Ltd. (博愛金隅水泥有限公司)	Limited liability company	Bo'ai	Liu Weyuan	Manufacture and sale of cement and clinker	24,182.63	58604535-2	14,350.00	59.34	-	59.34	Y	10,017.31
Beijing BBMG Chengyuan Property Development Co., Ltd. (北京金隅盛源房地產開發有限公司)	Limited liability company	Beijing	Chang Yuanhong	Property development and sale of commodity housing etc.	43,500.00	56365600-3	44,930.77	100	-	100	Y	-
Inner Mongolia BBMG Property Investment Co., Ltd. (內蒙古金隅置業地產投資有限公司)	Limited liability company	Hohhot	Huang Ai'an	Property development and management etc.	20,000.00	79018843-0	20,000.00	-	100	100	Y	-
BBMG (Hangzhou) Property Development Co., Ltd. (金隅(杭州)房地產開發有限公司)	Limited liability company	Hangzhou	Huang Ai'an	Property development and management etc.	60,000.00	66802451-2	63,482.70	-	100	100	Y	-
Hangzhou BBMG Mountain Villa Property Development Co., Ltd. (杭州金隅山墅房地產開發有限公司)	Limited liability company	Hangzhou	Huang Ai'an	Property development and others	10,000.00	56879610-1	10,000.00	-	100	100	Y	-
Beijing BBMG Property Investment And Development Co., Ltd. (北京金隅置業房地產開發有限公司)	Limited liability company	Beijing	Huang Ai'an	Property development and sales etc.	5,000.00	55487803-4	5,000.00	-	100	100	Y	-
Tangshan BBMG Julong Property Development Co., Ltd. (唐山金隅巨龍房地產開發有限公司)	Limited liability company	Tangshan	Huang Ai'an	Property development and management etc.	5,000.00	55330912-0	4,000.00	-	80	80	Y	507.38

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
BBMG (Tianjin) Property Development Co., Ltd. (天津) 房地產開發有限公司	Limited liability company	Tianjin	Huang Ai'an	Property development and sales etc.	80,000.00	55035028-4	80,000.00	-	100	100	Y	-
Chongqin BBMG Dacheng Property Development Co., Ltd. (重慶金樺大成房地產開發有限公司)	Limited liability company	Chongqing	Zhang Xiaobing	Property development and consultation etc.	20,000.00	55406321-4	20,000.00	-	100	100	Y	-
Chengdu BBMG Dacheng Property Development Co., Ltd. (成都金樺大成房地產開發有限公司)	Limited liability company	Chengdu	Zhang Xiaobing	Property development etc.	5,000.00	58756243-4	4,000.00	-	80	80	Y	933.62
Beijing Tiantan Aocer International Trading Co., Ltd. (北京天壇國際貿易有限公司)	Limited liability company	Beijing	He Jianbei	Import and export of goods; import and export agent	160.00	69497127-3	160.00	-	93.43	93.43	Y	10.60
Foshan BBMG Tiantan Furniture Co., Ltd. (佛山金樺天壇家具有限公司)	Limited liability company	Foshan	Yang Jincui	Processing and sale of furniture and wood etc.	500.00	55366226-9	500.00	-	93.43	93.43	Y	35.27
Gongyi Tongda Zhongwan Refractory Testing Centre Co., Ltd. (鞏義通達中原耐火材料檢測中心有限公司)	Limited liability company	Gongyi	Li Ping	Testing of refractories	30.00	69870012-0	30.00	-	57	57	Y	-

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Subsidiaries acquired through establishment, investment or other ways (continued)	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Yangquan Tongqia BBMG Refractory Materials Co., Ltd. (陽泉金剛通達高溫材料有限公司)	Limited liability company	Yangquan	Feng Yunshang	Manufacture and sale of refractory ceramic etc.	6,000.00	69429189-2	6,000.00	100	-	100	Y	-
Xinjiang BBMG Coating Co., Ltd. (新疆金剛塗料有限公司)	Limited liability company	Urumqi	Qiu Feng	Manufacture of coating, sale of building materials etc.	100.00	67340737-4	55.00	-	55	55	Y	73.79
Dachang BBMG Coating Co., Ltd. (大誠金剛塗料有限公司)	Limited liability company	Dachang	Chen Jun	Manufacture and sale of coating	3,000.00	56489157-4	3,000.00	-	100	100	Y	-
Beijing BBMG Business and Trading Co., Ltd. (北京金剛貿易有限公司)	Limited liability company	Beijing	Kou Yingyue	Wholesale of building materials and metals etc.	41,000.00	55850897-0	41,000.00	100	-	100	Y	-
BBMG Home Furnishing Co., Ltd. (北京金剛家居有限公司)	Limited liability company	Beijing	Kou Yingyue	Purchase and sale of building materials and metals etc.	600.00	66310367-6	600.00	-	100	100	Y	-
Inner Mongolia Jingzhongyuan Ceramic Accessory Co., Ltd. (內蒙古中源陶瓷配套有限公司)	Limited liability company	Hohhot	Liu Guozhi	Sale of sanitary wares and ceramic etc.	300.00	66734677-1	300.00	-	100	100	Y	-
Taiyuan Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd. (太原中源陶瓷配套有限公司)	Limited liability company	Taiyuan	Kou Yingyue	Sale of ceramic accessories	150.00	66239419-2	120.00	-	80	80	Y	40.88

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Beijing BBMG Dongrun Construction materials Co., Ltd. (北京金隅東運建材有限公司)	Limited liability company	Beijing	Liu Guozhi	Wholesale of building materials etc.	2,000.00	69001600-9	1,020.00	-	51	51	Y	1,131.83
Beijing Building Materials Testing Centre Co., Ltd. (北京建築材料檢驗中心有限公司)	Limited liability company	Beijing	Wang Zhaojia	Testing for building material quality etc.	1,000.13	79511492-4	1,000.13	-	100	100	Y	-
BBMG (Dachang) New Building Materials Co., Ltd. (大倉金隅新型建材有限公司)	Limited liability company	Dachang	Jiang Hanguan	Manufacture of various modern building materials etc.	50,000.00	66368352-7	50,000.00	100	-	100	Y	-
Dachang BBMG Jiminhuan Glass Wool Co., Ltd. (大倉金隅金海玻璃棉有限公司)	Limited liability company	Dachang	Zhao Yanjun	Manufacture and sale of glass wool products	8,000.00	67850654-X	8,000.00	-	100	100	Y	-
Inner Mongolia BBMG Daltai Resort Co., Ltd. (內蒙古金隅岱海旅遊度假有限公司)	Limited liability company	Ulanqab	Liu Deyong	Provision of accommodation and dining services etc.	3,015.00	79015260-6	3,015.00	-	100	100	Y	-
Inner Mongolia BBMG Property Management Co., Ltd. (內蒙古金隅物業服務有限公司)	Limited liability company	Hohhot	Li Weidong	Property management	200.00	67691027-4	200.00	-	100	100	Y	-
BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限公司)	Limited liability company	Beijing	Li Weidong	Commercial housing rental, property and hotel management etc.	9,900.00	66911394-7	9,900.00	100	-	100	Y	-

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Subsidiaries acquired through establishment, investment or other ways (continued)	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Actual contribution at end of the period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
							Direct (%)	Indirect (%)			
Beijing Lulihe Cement Co., Ltd. (北京市瑞利河水泥有限公司)	Limited liability company	Beijing	Zhao Xiangdong	Manufacture of cement, mining and sale of sandstone etc.	60,000.00	62,940.51	100	-	100	Y	-
Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd. (北京金隅红树林环境技术有限责任公司)	Limited liability company	Beijing	Deng Guangjun	Disposal of hazardous waste etc.	15,000.00	15,022.66	100	-	100	Y	-
Beijing BBMG Concrete Co., Ltd. (北京金隅混凝土有限公司)	Limited liability company	Beijing	Liu Wenyuan	Process of commodity concrete etc.	31,541.04	35,923.59	100	-	100	Y	-
Beijing Jianhua-Bulgarni Concrete Co., Ltd. (北京建华勃尼混凝土有限公司)	Limited liability company	Beijing	Hao Zhitao	Manufacture and sale of commercial concrete	1,269.80	1,333.62	-	100	100	Y	-
Beijing Jianzong Building, Installation and Engineering Co., Ltd. (北京建纵建筑装饰工程有限公司)	Limited liability company	Beijing	Zhang Quan	Construction contracting	2,001.12	2,001.12	-	100	100	Y	-
BBMG Century City Property Development Co., Ltd. (北京金隅世纪城房产开发有限公司)	Limited liability company	Beijing	Zhi Zhengyin	Property development and sale of commodity housing	2,998.00	17,691.38	100	-	100	Y	-
Beijing Gaojing Property Development Co., Ltd. (北京高景房地产有限公司)	Limited liability company	Beijing	Li Weidong	Property management and commercial facilities rental etc.	10,000.00	27,035.01	100	-	100	Y	-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司)	Limited liability company	Beijing	Zhou Jiayi	Renovation of dilapidated buildings etc.	10,042.53	60001085-3	-	100	-	100	Y	-
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd. (北京西三旗高新建材城管理開發有限公司)	Limited liability company	Beijing	Chang Yuanhong	Property development etc.	6,129.76	10114396-7	12,358.04	100	-	100	Y	-
BBMG GEM Real Estate Development Co., Ltd. (北京金碧豐業房地產開發有限公司)	Limited liability company	Beijing	Huang An'an	Property development and management etc.	200,000.00	10171809-7	166,513.84	100	-	100	Y	-
Beijing Jinyuicheng Property Management Co., Ltd. (北京市金業新城物業管理有限公司)	Limited liability company	Beijing	Liu Shucai	Property management	50.00	76091982-9	50.00	-	100	100	Y	-
Beijing Tiantan Co., Ltd. (北京天壇股份有限公司)	Limited liability Company	Beijing	Chen Zhida	Manufacture, processing, and sale of furniture etc.	8,709.45	70024025-9	11,463.18	93.43	-	93.43	Y	813.11
Beijing Tiantan-Jingwei Furniture Co., Ltd. (北京天壇傢俬家具有限公司)	Limited liability company	Beijing	He Jianbei	Manufacture of wooden furniture	600.00	60005640-3	360.00	-	93.43	93.43	Y	334.49
Beijing Tiantan Decoration and Engineering Co., Ltd. (北京天壇裝飾工程有限公司)	Limited liability company	Beijing	Diao Naidu	Building renovation and design consultation	600.00	7238288-4	600.00	-	93.43	93.43	Y	6.08

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Beijing Hongqiang Furniture Co., Ltd. (北京红强家具有限责任公司)	Limited liability company	Beijing	Wang Changjiang	Manufacture and sale of wooden furniture	50.00	10300323-9	50.00	-	93.43	93.43	Y	(1.08)
Beijing Great Wall Furniture Decorative Materials Co., Ltd. (北京长城家具装饰材料有限公司)	Limited liability company	Beijing	Shi Feng	Manufacture and sale of furniture, decorative materials and wooden floorboards	320.00	60000603-5	294.00	-	93.43	93.43	Y	(22.54)
Beijing Woodworking Factory Co., Ltd. (北京市木材厂有限责任公司)	Limited liability company	Beijing	Sun Deyang	Manufacture and sale of wood-based panels etc.	5,455.63	10117730-7	5,455.63	100	-	100	Y	-
Beijing Tongda Refractory Engineering Technology Co., Ltd. (北京通达耐火工程技术有限公司)	Limited liability company	Beijing	Feng Yunsheng	Development and manufacture of new refractory materials etc.	200.00	75600173-2	200.00	-	57	57	Y	592.00
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd. (嵩懿通达中原耐火技术有限公司)	Limited liability company	Gongyi	Feng Yunsheng	Manufacture and sale of refractory materials	1,050.00	17050006-7	1,620.13	-	57	57	Y	17.30
Beijing Star Building Materials Co., Ltd. (北京星牌建材有限责任公司)	Limited liability company	Beijing	Li Huijin	Manufacture and sale of building materials	31,496.77	10112405-3	34,245.06	100	-	100	Y	-
Beijing Architectural Coating Co., Ltd. (北京市建筑装饰材料有限责任公司)	Limited liability company	Beijing	Chang Yuanhong	Manufacture and sale of coating etc.	2,444.06	10112528-3	2,420.22	100	-	100	Y	-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Beijing Jinyu Aerated Concrete Co., Ltd. (北京金輝加氣混凝土有限公司)	Limited liability company	Beijing	Jin Xuefeng	Manufacture and sale of aerated concrete products etc.	4,000.00	10229926-9	4,794.64	100	-	100	Y	-
Beijing Aerated Concrete Co., Ltd. (北京市加氣混凝土有限公司)	Limited liability company	Beijing	Jin Xuefeng	Manufacture and sale of aerated concrete panels	8,681.75	10195757-3	8,602.77	-	100	100	Y	-
Beijing Xiang Brand Walling Materials Co., Ltd. (北京市翔牌墻體材料有限公司)	Limited liability company	Beijing	Wang Youbin	Manufacture and sale of clay bricks and concrete products etc.	4,043.80	10113440-3	3,927.76	100	-	100	Y	-
Beijing Jinghua Glass Fiber Products Co., Ltd. (北京華輝纖維製品有限公司)	Limited liability company	Beijing	Yang Chaoying	Manufacture of glass fiber and its products	300.66	10201086-7	286.77	-	100	100	Y	-
Beijing Keshi Hardware Co., Ltd. (北京市科賽五金有限公司)	Limited liability company	Beijing	Liu Guosheng	Manufacture of modern products like construction hardware	2,552.13	10112317-3	2,482.13	100	-	100	Y	-
Beijing Building Materials Import and Export Co., Ltd. (北京市建築材料進出口有限公司)	Limited liability company	Beijing	Zhang Jianping	Import and export of commodities and technologies etc.	2,000.00	10113707-3	2,000.00	-	100	100	Y	-
Beijing Jimuhongyue Commerce and Trade Co., Ltd. (北京金輝巨業貿易有限公司)	Limited liability company	Beijing	Kou Yingyue	Purchase and sale of building materials	260.00	7690069-6	263.48	-	100	100	Y	-

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Beijing BBMG Decoration and Engineering Co., Ltd. (北京博美装饰工程有限公司)	Limited liability company	Beijing	Cao Yuhai	Design and construction of building decoration	3,000.00	60002533-2	3,000.00	-	100	100	Y	-
Beijing Century Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd. (北京世纪中原陶瓷洁具有限公司)	Limited liability company	Beijing	Kuo Yingyue	Sale of building materials	1,236.84	1018224-5	1,226.52	-	100	100	Y	-
Beijing BBMT-Xinke Building Materials Co., Ltd. (北京博美新材料建设有限公司)	Limited liability company	Beijing	Cao Zhanjing	Sale and purchase of building materials etc.	17,000.00	7002443-0	2,103.20	-	100	100	Y	-
Qingdao BBMT-Xinke Building Materials Co., Ltd. (青岛博美新材料建设有限公司)	Limited liability company	Qingdao	Cao Zhanjing	Wholesale and retail of building materials etc.	100.00	7335373-6	60.00	-	60	60	Y	94.99
Shenyang BBMT-Xinke Building Materials Co., Ltd. (沈阳博美新材料建设有限公司)	Limited liability company	Shenyang	Cao Zhanjing	Wholesale and retail of building materials etc.	111.00	7507531-9	171.83	-	100	100	Y	-
Beijing Building Materials Academy Co., Ltd. (北京建筑材料研究院有限公司)	Limited liability company	Beijing	Wang Zhaojia	Development, manufacture and sale of building materials etc.	12,000.00	40070949-X	12,246.78	100	-	100	Y	-
Beijing Jiandu Design and Research Institute Co., Ltd. (北京建筑设计研究院有限公司)	Limited liability company	Beijing	Zhang Shaochuen	Design of new building materials etc.	954.12	40084194-1	940.53	100	-	100	Y	-
Beijing Jiantuo Engineering Management Co., Ltd. (北京建拓工程管理有限公司)	Limited liability company	Beijing	Zhang Shaochuen	Agent for construction tendering	300.00	6003702-6	300.00	-	100	100	Y	-

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IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Beijing Xiliu Building Materials Co., Ltd. (北京市西六建材有限责任公司)	Limited liability company	Beijing	Tang Honggen	Manufacture and sale of bricks and tiles etc.	11,160.39	10110025-4	10,069.39	100	-	100	Y	-
Beijing Jintaiyan Assets Management Co., Ltd. (北京金燕燕資產經營有限公司)	Limited liability company	Beijing	An Zhiqiang	Self-owned property rental, property investment and management etc.	8,292.36	10112458-X	7,847.98	100	-	100	Y	-
Beijing Building Materials Trading Co., Ltd. (北京建築材料經營有限公司)	Limited liability company	Beijing	Kuo Yingyue	Purchase and sale of building materials and metals etc.	37,400.00	10110003-7	35,380.80	100	-	100	Y	-
BBMG Fergshan Hot Spring Resort Co., Ltd. (北京建築材料溫泉度假有限公司)	Limited liability company	Beijing	Liuweiyu	Provision of accommodation and dining services etc.	19,998.91	10269189-3	20,248.04	100	-	100	Y	-
Beijing Jiayuan Hotel Co., Ltd. (北京市建苑賓館有限公司)	Limited liability company	Beijing	Li Mian	Provision of accommodation and dining services	1,000.53	10112968-X	1,000.53	-	100	100	Y	-
BBMG Property Management Co., Ltd. (北京金標物業管理有限公司)	Limited liability company	Beijing	Li Weidong	Property management	1,000.00	63368097-0	8,926.45	100	-	100	Y	-
Beijing Jianda Plaza Property Management Co., Ltd. (北京建大廣場物業管理有限公司)	Limited liability company	Beijing	Li Weidong	Property management	100.00	70016701-2	100.00	-	100	100	Y	-

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)												
Beijing Jinyuan Property Management Co., Ltd. (北京锦园物业管理有限公司)	Limited liability company	Beijing	Li Weidong	Property management	50.00	70017212-9	50.00	-	100	100	Y	-
Beijing Dajiangnan International Hotel Management Co., Ltd. (北京大江国际酒店管理有限责任公司)	Limited liability company	Beijing	Chen Ming	Dining services	150.00	7684532-8	150.00	-	100	100	Y	-
Beijing Jianji Assets Management Co., Ltd. (北京建嘉资产管理有限责任公司)	Limited liability company	Beijing	An Zhiqiang	Self-owned property rental, property management etc.	6,273.39	10164982-9	6,248.82	100	-	100	Y	-
Beijing Ceramic Plant Co., Ltd. (北京市陶瓷厂有限责任公司)	Limited liability company	Beijing	An Zhiqiang	Manufacture of ceramic sanitary wares and ceramic vessel	5,666.08	10112391-0	5,873.27	-	100	100	Y	-
Beijing Great Wall Furniture Co., Ltd. (北京长城家具有限公司)	Limited liability company	Beijing	Tang Yiming	Manufacture and sale of wooden furniture etc.	6,613.58	10112469-4	7,657.85	-	100	100	Y	-
Beijing Jinhaiyan Property Management Co., Ltd. (北京金燕物业管理有限公司)	Limited liability company	Beijing	Ma Hong	Property management	350.00	10165016-X	350.00	100	-	100	Y	-
BBMG Vanke Property Development Co., Ltd. (北京金隅万科地产开发有限公司)	Limited liability company	Beijing	Huang An'an	Property development and sale etc.	19,000.00	66560513-5	9,690.00	-	51	51	Y	39,086.30
Beijing Tiantan Faran Decorative Materials Co., Ltd. (北京天坛法达装饰材料有限公司)	Limited liability company	Beijing	Tang Yiming	Manufacture of office cube partition boards and furniture etc.	4,138.60	74007064-5	1,655.44	-	93.43	93.43	Y	(40.71)

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
							Direct (%)	Indirect (%)			
Subsidiaries acquired through establishment, investment or other ways (continued)											
Beijing Quinette Great Wall Seats Co., Ltd. (北京奇耐特长城座椅有限公司)	Beijing	Antonie 安托萬·奧拉爾	Manufacture of seats for opera houses and auditoriums etc.	1,597.04	7552582-9	954.75	-	93.43	93.43	Y	257.75
Beijing Sanichong Mirrors Co., Ltd. (北京三重鏡業有限公司)	Beijing	Wang Youbin	Manufacture and sale of glass-made spectacle lenses	5,766.00	6000228-4	2,566.96	-	100	100	Y	-
Zhangjiakou Star Building Materials Co., Ltd. (*張家口市星樓建材有限責任公司)	Beijing	Li Huijin	Manufacture, processing and sale of rockwool products	969.57	5896692-0	969.57	-	100	100	Y	-
*BBMG (Qingdao) Property Development Co., Ltd. (*青島(青島)房地產開發有限公司)	Beijing	Huang An'an	Property development and trading agent	5,000.00	59128275-0	5,000.00	-	100	100	Y	-
*Beijing BBMG Real Estate Agency Co., Ltd. (*北京金隅房地產經紀有限公司)	Beijing	Cheng Yuanhong	Property business and consultation	500.00	58908455-X	500.00	-	100	100	Y	-

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity	Voiting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
						Direct (%)	Indirect (%)	(%)		
Subsidiaries acquired through business combination under common control										
Tongda Refractory Technology Co., Ltd. (德建耐火技术股份有限公司)	Beijing	Feng Yunshen	Research and Develop, and manufacture of new refractory materials etc.	12,532.63	78861407-4	57	-	57	Y	12,102.00
Tianjin Zhening Cement Co., Ltd. (天津振興水泥有限公司)	Tianjin	Jiang Changlu	Manufacture of cement	55,811.02	10307130-3	60.64	-	60.64	Y	29,878.14
Qiyang Jinyu Cement Co., Ltd. (青陽金隅水泥有限公司)	Qiyang County	Fan Guoliang	Manufacture and sale of cement and clinker	28,000.00	68277604-0	90	-	90	Y	3,314.28
Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	Zhuolu County	Zhao Qiqang	Manufacture and sale of cement and cement products	30,000.00	73142347-X	100	-	100	Y	-
Zhangjiakou Jinyu Cement Co., Ltd. (張家口金隅水泥有限公司)	Zhangjiakou	Zheng Baojin	Manufacture and sale of cement and cement products	30,000.00	68704736-5	90	-	90	Y	3,609.06
Beijing Bio-Island Science and Technology Co., Ltd. (北京生島島科技有限責任公司)	Beijing	Liu Xiaoyu	Development of technologies for waste disposal, comprehensive utilization, and environmental protection	5,000.00	78775253-9	-	100	100	Y	-
Beijing Yanshan Cement Co., Ltd. (北京市燕山水泥有限公司)	Beijing	Ding Zhongqin	Manufacture of cement	6,266.85	10110040-6	100	-	100	Y	-

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Subsidiaries acquired through business combination under common control (continued)	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建筑装饰设计工程有限公司)	Limited liability company	Beijing	Zhang Quan	Design of project and home decorations etc.	8,500.00	10112378-X	27,504.04	100	-	100	Y	-
Beijing Building Decoration and Design Institute Co., Ltd. (北京市建筑装饰设计有限公司)	Limited liability company	Beijing	Zhang Quan	Decorative design service	2,000.00	10188762-4	2,000.00	-	100	100	Y	-
Beijing BBMG Daicheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	Limited liability company	Beijing	Zhang Xiaobing	Property development etc.	150,000.00	72261604-2	226,277.12	100	-	100	Y	-
Beijing Hengxing Properties Co., Ltd. (北京金隅大成開發有限公司)	Limited liability company	Beijing	Zhang Xiaobing	Property development etc.	4,635.00	75330020-0	11,542.01	-	100	100	Y	-
Haikou Daicheng Property Investment Co., Ltd. (海口大成置業有限公司)	Limited liability company	Haikou	Zhang Xiaobing	Property development etc.	1,600.00	20129383-7	1,142.21	-	100	100	Y	-
Beijing BBMG Doudian Technology Corporate Management Co., Ltd. (北京金隅業昌科技企業管理有限公司)	Limited liability company	Beijing	Tang Jianping	Manufacture of insulate and energy-saving building materials etc.	5,037.66	10120913-7	11,193.66	100	-	100	Y	-
Beijing Longshuncheng Chinese Style Furniture Co., Ltd. (北京市龍城中式傢俱有限公司)	Limited liability company	Beijing	Wang Zhijun	Manufacture of furniture etc.	1,292.40	10112318-1	6,377.59	-	100	100	Y	-
Crane (Beijing) Building Material Co., Ltd. (芮恩(北京)建材有限公司)	Limited liability company	Beijing	Kou Yingyue	Wholesale of building materials etc.	500.00	66990366-6	256.34	-	67.5	67.5	Y	133.79

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IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Subsidiaries acquired through business combination under common control (continued)	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voiting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Shanghai Sanning Building Materials Co., Ltd (上海三鼎建材有限公司)	Limited liability company	Shanghai	Xu Haifeng	Manufacture and sale of modern building materials	2,700.00	60740592-8	2,437.71	-	100	100	Y	-
Beijing Lvuisihangke Science and Technology Co., Ltd. (北京绿尚科技有限公司)	Limited liability company	Beijing	Fu Qitao	Sale of building materials and provide technical services etc.	2,784.85	10264641-9	4,574.17	100	-	100	Y	-
Beijing Bowang Building Materials Factory (北京博望建筑材料厂)	Limited liability company	Beijing	Feng Deli	Manufacture of cement products	50.00	74473222-0	50.00	-	100	100	Y	-
BBMG Badaling Hot Spring Resort Co., Ltd. (北京金隅八达温泉水度假村有限责任公司)	Limited liability company	Beijing	Liu Weiye	Provision of travelling service and accommodation etc.	28,600.00	60006570-5	12,256.23	-	100	100	Y	-
BBMG Human Resources Management Co., Ltd. (北京金隅人力资源管理有限公司)	Limited liability company	Beijing	Liu Shengji	Dispatch of labour	50.00	6900127-X	49.45	-	100	100	Y	-
Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奥克兰建筑防水材料有限公司)	Limited liability company	Beijing	Sun Yan'an	Processing and sale of waterproof materials	500.00	60000540-3	-	-	100	100	Y	-
Beijing Xisanqi Heating Co., Ltd. (北京三热方有限责任公司)	Limited liability company	Beijing	Wang Haitao	Manufacture of low to medium pressure steam and distilled water etc.	7,560.00	63306954-2	6,691.07	-	100	100	Y	-

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IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Subsidiaries acquired through business combination under common control (continued)	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Beijing Zhongyuansehai Property Management Co., Ltd. (北京中源海物業管理有限公司)	Limited liability company	Beijing	An Zhiqiang	Property management	2,548.50	10147871-6	50,449.23	-	100	100	Y	-
Beijing Futunwu Construction Materials Supply Co., Ltd. (北京福運建築材料供應有限公司)	Limited liability company	Beijing	He Wei	Wholesale and retail of building materials	3,014.58	10112894-3	6,361.72	-	100	100	Y	-
Beijing Hengye Qinying Business and Trading Co., Ltd. (北京恒業盈商貿易有限公司)	Limited liability company	Beijing	Jiang He	Manufacture, purchase and sale of furniture	3,600.00	10130500-6	9,826.00	-	100	100	Y	-
BBMG Daoteng Property Management Co., Ltd. (北京金隅大成物業管理有限公司)	Limited liability company	Beijing	Xue Guomin	Property management	500.00	10185045-0	1,186.08	100	-	100	Y	-
BBMG Hongye Ecological Science and Technology Co., Ltd. (北京金隅宏業生態科技有限責任公司)	Limited liability company	Beijing	Xu Chuanhui	Property rental and management	200.00	66751869-2	85,299.24	100	-	100	Y	-
BBMG Hong Kong Limited. (金隅香港有限公司)	Limited liability company	Hong Kong	Ma Hong	Self-owned property rental	(HKD)100.00	N/A	598.49	100	-	100	Y	-

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As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the Period RMB ten thousand	Percentage of equity Direct (%)	Indirect (%)	Voiting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
Subsidiaries acquired through business combination not under common control												
Luquan Jinyu Dingxin Cement Co., Ltd. (唐山金隅鼎鑫水泥有限公司)	Limited liability company	Luchuan	Zhou Chengyao	Manufacture and sale of cement and clinker	130,000.00	74341579-2	145,440.00	100	-	100	Y	-
Guantao BBMG Taihang Concrete Co., Ltd. (邯郸金隅太行混凝土有限公司)	Limited liability company	Guantao	Li Huaqiang	Manufacture and sale of commercial concrete	1,000.00	57389554-2	1,000.00	-	100	100	Y	-
Handan BBMG Taihang Cement Co., Ltd. (邯郸金隅太行水泥有限公司)	Limited liability company	Handan	Li Huaqiang	Manufacture of cement	65,000.00	55607541-1	61,535.00	95.71	-	95.71	Y	4,951.12
Cheng'an BBMG Taihang Cement Co., Ltd. (邯郸金隅太行水泥有限公司)	Limited liability company	Cheng'an	Li Huaqiang	Manufacture of cement	6,000.00	55448060-8	4,500.00	-	100	100	Y	1,545.08
**Tianjin BBMG Concrete Co., Ltd. (天津金隅混凝土有限公司)	Limited liability company	Tianjin	Jiang Chenglu	Concrete construction and manufacturing of	23,733.78	75484160-7	24,697.20	85	-	100	Y	4,531.01
Beijing Cement Plant Co., Ltd. (北京水泥厂有限公司)	Limited liability company	Beijing	Zhang Yi	Manufacture of cement and mining of limestone etc.	96,346.28	63439032-2	94,321.78	100	-	100	Y	-
***Hebei Taihang Huaxin Building Materials Co., Ltd. (河北太行华信建材有限公司)	Limited liability company	Handan	Wang Nan	Mining of limestone and sale of cement products	22,800.00	73737715-0	6,007.04	33.33	-	100	Y	10,279.68
Baoding Taihang Heyi Cement Co., Ltd. (保定太行益水泥有限公司)	Limited liability company	Yi county	Jiang Chenglu	Manufacture and sale of cement and cement products etc.	16,000.00	74543141-2	12,000.00	75	-	75	Y	9,351.57

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Subsidiaries acquired through business combination not under common control (continued)	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Organization code	Actual contribution at end of the period RMB ten thousand	Percentage of equity		Voting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
								Direct (%)	Indirect (%)			
Yixian Fenghui Mineral Building Materials Company Limited (易县丰辉建材有限公司)	Limited liability company	Yi county	Wang Chao	Sale of lime and rock materials etc.	2,100.00	79657230-2	2,500.00	-	100	100	Y	-
Handan Shexian BBMG Cement Co., Ltd. (邯郸涉县北新水泥有限公司)	Limited liability company	She county	Li Huijiang	Manufacture and sale of cement	10,000.00	66529368-8	18,167.87	91	-	91	Y	1,858.20
Baoding Taihang Xingsheng Cement Co., Ltd. (保定太行鼎盛水泥有限公司)	Limited liability company	Baoding	Zheng Baojin	Manufacture and sale of cement and cement products etc.	2,000.00	76344941-2	1,640.00	82	-	82	Y	(776.89)
Beijing Taihang Qianjing Cement Co., Ltd. (北京太行前京水泥有限公司)	Limited liability company	Beijing	Zheng Baojin	Manufacture and sale of cement and cement products etc.	10,000.00	60009450-6	6,760.00	67	-	67	Y	8,629.16
Handan Taihang Cement Co., Ltd. (邯郸市太行水泥有限责任公司)	Limited liability company	Handan	Li Huijiang	Manufacture of cement	500.00	73072955-X	703.80	-	100	100	Y	766.92
Beijing Chinefarge Cement Co., Ltd. (北京冀东水泥有限公司)	Limited liability company	Beijing	Jiang Chenglu	Manufacture of cement and clinker etc.	31,500.00	60002295-9	46,474.09	95.7	-	95.7	Y	2,160.02
BBMG Shunfa Large Cement Co., Ltd. (北京金隅顺发水泥有限公司)	Limited liability company	Beijing	Jiang Chenglu	Manufacture of cement and clinker etc.	15,000.00	60009685-1	11,068.11	70	-	70	Y	5,088.15
Shijiazhuang BBMG Xu Cheng Concrete Co., Ltd. (石家庄南城混凝土有限公司)	Limited liability company	Shijiazhuang	Liu Wenyuan	Manufacture and sale of concrete	10,000.00	75753530-6	10,204.70	95.6	-	95.6	Y	629.58

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

The Company's major subsidiaries are listed as follows: (continued)

Subsidiaries acquired through business combination not under common control (continued)	Type of subsidiaries	Place of registration	Legal representative	Principal activities	Registered capital RMB ten thousand	Actual contribution at end of the Period RMB ten thousand	Percentage of equity		Voiting Right percentage (%)	Consolidated or not	Non-controlling interests RMB ten thousand
							Direct (%)	Indirect (%)			
Helian Yuhé Sand Stone Company Limited (利田市玉河砂石有限公司)	Limited liability company	Helian	Jiang Chenglu	Manufacture and sale of concrete	2,040.80	1,428.19	-	51	51	Y	1,420.97
Beijing Qiangjian Cement Co., Ltd. (北京强建水泥有限公司)	Limited liability company	Beijing	Zhang Wanbo	Manufacture of cement	2,000.00	2,442.59	-	60	60	Y	3,051.64
Chongqing BBMG Dacheng Shanshui Real Estate Co., Ltd. (重庆金隅大成山水置业有限公司)	Limited liability company	Chongqing	Zhang Xiaobing	Property development and sale etc.	38,000.00	38,000.00	-	100	100	Y	-
Beijing Alavus Energy Saving Components Co., Ltd. (北京爱屋建筑节能部品有限公司)	Limited liability company	Beijing	Sai Bao	Manufacture, sale and repair of energy efficient doors and windows	(EUR)400.00	2,998.07	82	-	82	Y	697.56

* Newly-founded subsidiaries during the Reporting Period

** Note: In September 2010, Tianjin Building Materials Supply Corporation (天津市建筑材料供應總公司) entrusted the shareholder's rights (within the meaning of the Company Law and the Articles of Association) as represented by the 15% equity interests held in Tianjin BBMG Concrete Co., Ltd. (天津金隅混凝土有限公司) to the Company with a term of 8 years. As at 30 June 2012, the Company held 85% equity interests in Tianjin BBMG Concrete Co., Ltd. with 100% voting rights.

*** Note: Please refer to Note VI 5(2) for details.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Operating entity with special interest, operated through entrustment or through controlling rights formed by rental

Major business transactions	Recognized major assets as at the end of the Period in the consolidated statement RMB	Recognized major liabilities as at the end of the Period in the consolidated statement RMB
Hebei Taihang Huaxin Building Materials Co., Ltd. ("Taihang Huaxin")	Nil	183,286,460.90
		29,098,926.14

Note: Please refer to Note VI 5(2) for details.

3. Change in scope of consolidation

Apart from the newly established subsidiaries during the Period and as stated in Note IV 4, the scope of consolidation for the financial statements remain the same as last year.

4. Entities newly included into or excluded from the scope of consolidation during the Period

For the six months ended 30 June 2012, subsidiaries no longer included into the scope of consolidation are as follows:

	Net assets/ (liabilities) at the date of disposal RMB	Net profit/(loss) from beginning of the year to the date of disposal RMB
Harbin Taihang Xinglong Cement Co., Ltd.	(10,221,031.39)	(9,315,501.10)

5. Exchange rate for major statement items of foreign operating entities of the Group

	Average exchange rate For the six months ended 30 Jun 2012 RMB		Exchange rate at the period/ year end 30 June 31 December 2012 2011 RMB RMB	
HKD	0.8130	0.8302	0.8152	0.8107

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2012			31 December 2011		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash on hand						
RMB	4,813,343.52	1.0000	4,813,343.52	4,145,557.63	1.0000	4,145,557.63
EUR	5.04	7.8710	39.67	5.04	8.1625	41.14
CZK	-	-	-	3,284.13	0.3164	1,039.10
SGD	-	-	-	0.82	4.8659	3.99
IDR	1,820,000.00	0.0007	1,274.00	1,820,000.00	0.0007	1,274.00
			<u>4,814,657.19</u>			<u>4,147,915.86</u>
Cash at banks						
RMB	6,975,347,610.15	1.0000	6,975,347,610.15	7,868,136,259.26	1.0000	7,868,136,259.26
USD	512,151.95	6.3249	3,239,309.87	346,068.60	6.3009	2,180,543.64
EUR	29,555.52	7.8710	232,631.50	468,564.43	8.1625	3,824,657.16
HKD	13,475,972.45	0.8152	10,985,612.74	17,190,589.89	0.8107	13,936,411.22
JPY	24,259,793.00	0.0796	1,931,079.52	24,259,781.00	0.0811	1,967,468.24
AUD	113.65	6.4702	735.34	-	6.4093	-
			<u>6,991,736,979.12</u>			<u>7,890,045,339.52</u>
Others						
RMB	1,928,980.42	1.0000	1,928,980.42	24,284,391.68	1.0000	24,284,391.68
USD	-	6.3249	-	106.11	6.3009	668.59
EUR	-	7.8710	-	39.49	8.1625	322.34
AUD	-	6.4702	-	113.14	6.4093	725.15
			<u>1,928,980.42</u>			<u>24,286,107.76</u>
			<u>6,998,480,616.73</u>			<u>7,918,479,363.14</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Cash and bank balances (continued)

	30 June 2012	31 December 2011
	RMB	RMB
Cash and bank balances with restrictions:		
Deposits for letter of credit	1,193,123.17	12,177,894.00
Quality/performance deposits	104,652,737.85	63,173,591.35
Deposits for acceptance	189,097,382.29	70,871,916.10
Funds restricted for sales of property	2,311,278,410.35	2,541,681,564.29
Others	39,498,879.45	104,103,026.01
	<u>2,645,720,533.11</u>	<u>2,792,007,991.75</u>

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

2. Bill receivable

	30 June 2012	31 December 2011
	RMB	RMB
Commercial acceptance bills	3,152,040.00	2,000,000.00
Bank acceptance bills	759,022,764.79	1,345,905,318.65
	<u>762,174,804.79</u>	<u>1,347,905,318.65</u>

As at 30 June 2012, there was no bill receivable pledged.

As at 30 June 2012, there was no transfer of bills receivable into accounts receivable due to default on the part of the drawer (31 December 2011: Nil).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Bill receivable (continued)

As at 30 June 2012, the top 5 outstanding bill receivables endorsed to other parties were as follows:

Issuer/Drawer	Issuance date	Expiry date	Amount RMB	Notes
Unit 1	28 February 2012	28 August 2012	5,000,000.00	Bank acceptance bills
Unit 2	28 February 2012	28 August 2012	5,000,000.00	Bank acceptance bills
Unit 3	14 February 2012	14 August 2012	5,000,000.00	Bank acceptance bills
Unit 4	4 January 2012	4 July 2012	2,000,000.00	Bank acceptance bills
Unit 5	1 April 2012	1 October 2012	2,000,000.00	Bank acceptance bills
			<u>19,000,000.00</u>	

3. Interests receivable

	At the beginning of the period RMB	Increase RMB	Decrease RMB	At the end of the period RMB
STAR-USG Building Materials Co., Ltd	<u>1,858,662.81</u>	<u>2,063,606.80</u>	<u>-</u>	<u>3,922,269.61</u>

As at 30 June 2012, there was no outstanding interests receivable (31 December 2011: Nil).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

The credit periods of accounts receivable are generally 1 to 3 months. Accounts receivable are non-interest bearing.

An aging analysis of the accounts receivable is as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Within 1 year	4,435,586,315.55	3,252,752,711.70
1 to 2 years	329,667,471.65	298,558,262.87
2 to 3 years	71,962,853.41	73,736,768.54
3 to 4 years	29,354,000.71	47,270,885.70
4 to 5 years	35,192,514.60	71,073,385.21
Over 5 years	69,430,743.82	107,092,106.34
	4,971,193,899.74	3,850,484,120.36
Less: Provision for bad debt	(270,105,491.31)	(359,546,649.96)
	4,701,088,408.43	3,490,937,470.40

The movements in provision for bad debt are as follows:

	For the six months ended	
	30 June 2012	2011
	RMB	RMB
At the beginning of the period/year	359,546,649.96	365,311,918.39
Recognized for the period/year	18,780,296.62	44,653,953.10
Transfer in from acquisition of subsidiaries	–	4,727,731.80
Reversal for the period/year	(19,880,855.77)	(27,344,392.17)
Write-off for the period/year	(86,371,148.89)	(27,802,561.16)
Transfer out on disposal of subsidiaries	(1,969,450.61)	–
	270,105,491.31	359,546,649.96

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

	30 June 2012			
	Book balance		Provision for bad debt	
	Amount RMB	Proportion (%)	Amount RMB	Proportion of provision (%)
Individually significant and subject to separate provision for bad debt	-	-	-	-
Subject to provision by groups				
Within 1 year (inclusive of 1 year)	4,407,923,769.56	88.67	-	-
1 to 2 years (inclusive of 2 years)	306,473,720.26	6.16	91,942,116.08	30.00
2 to 3 years (inclusive of 3 years)	52,630,805.17	1.06	31,578,483.14	60.00
3 to 4 years (inclusive of 4 years)	17,867,106.08	0.36	15,187,040.20	85.00
4 to 5 years (inclusive of 5 years)	33,853,713.57	0.68	33,853,713.57	100.00
Over 5 years	32,984,421.70	0.66	32,984,421.70	100.00
	4,851,733,536.34	97.59	205,545,774.69	
Special credit characteristics group	37,546,646.16	0.76	-	-
Individually not significant but subject to separate provision for bad debt	81,913,717.24	1.65	64,559,716.62	78.81
	<u>4,971,193,899.74</u>	<u>100.00</u>	<u>270,105,491.31</u>	

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

	31 December 2011			
	Book balance		Provision for bad debt	
	Amount	Proportion	Amount	Proportion
	RMB	(%)	RMB	(%)
Individually significant and subject to separate provision for bad debt	–	–	–	–
Subject to provision by groups				
Within 1 year (inclusive of 1 year)	3,225,232,852.12	83.76	–	–
1 to 2 years (inclusive of 2 years)	311,488,990.48	8.09	93,446,697.15	30.00
2 to 3 years (inclusive of 3 years)	55,111,515.14	1.43	33,066,909.08	60.00
3 to 4 years (inclusive of 4 years)	20,686,320.88	0.54	17,583,372.75	85.00
4 to 5 years (inclusive of 5 years)	57,505,148.79	1.49	57,505,148.79	100.00
Over 5 years	85,464,505.46	2.22	85,464,505.46	100.00
	3,755,489,332.87	97.53	287,066,633.23	
Special credit characteristics group	17,262,950.53	0.45	–	–
Individually not significant but subject to separate provision for bad debt	77,731,836.96	2.02	72,480,016.73	93.24
	<u>3,850,484,120.36</u>	<u>100.00</u>	<u>359,546,649.96</u>	

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 30 June 2012, accounts receivable which are not individually significant but subject to separate provision for bad debts are as follows:

	Ending balance RMB	Provision for bad debts RMB	Percentage (%)	Reasons
First	9,832,537.28	9,832,537.28	100.00	Uncollectible
Second	7,504,948.35	7,504,948.35	100.00	Uncollectible
Third	4,695,979.65	524,092.01	11.16	Partly uncollectible
Fourth	3,561,200.00	409,800.00	11.51	Partly uncollectible
Fifth	2,255,472.27	538,581.89	23.88	Partly uncollectible
Others	<u>54,063,579.69</u>	<u>45,749,757.09</u>	84.62	Partly uncollectible
	<u>81,913,717.24</u>	<u>64,559,716.62</u>		

For the six months ended 30 June 2012, there was no significant reversal of provision for bad debts of accounts receivable or significant cash settlement for impaired receivables.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 30 June 2012, accounts receivable which were individually significant and have been written off are as follows:

	Nature	Amount written off RMB	Reason	Related party transactions
First	Sales of products	22,034,378.43	Disposed	No
Second	Sales of products	20,349,922.03	Disposed	No
Third	Sales of products	14,469,592.92	Disposed	No
Fourth	Sales of products	12,361,503.62	Disposed	No
Fifth	Sales of products	8,100,916.97	Disposed	No
Others	Sales of products	9,054,834.92	Disposed	No
		<u>86,371,148.89</u>		

As at 30 June 2012, there was no accounts receivable due from shareholders of the Group that held 5% or more of the Company's voting rights (31 December 2011: Nil).

Accounts receivable from related parties as at 30 June 2012 and 31 December 2011 are set out in Note VI. Relationships and Transactions with Related Parties.

As at 30 June 2012, the top 5 accounts receivable were as follows:

	Relationship with the Group	Amount RMB	Aging	Proportion in total accounts receivables (%)
Customer 1	Third party	176,398,588.83	Within 1 year	3.55
Beijing Gaoqiang Concrete Co. Ltd.	Associate	79,720,027.43	Within 1 year	1.60
Customer 3	Third party	66,430,739.01	Within 1 year	1.34
Customer 4	Third party	64,696,074.00	Within 1 year	1.30
Customer 5	Third party	64,496,880.48	Within 1 year	1.30
		<u>451,742,309.75</u>		<u>9.09</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**5. Other receivables**

An aging analysis of other receivables is as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Within 1 year	1,355,004,757.03	1,947,758,963.63
1 to 2 years	504,563,675.29	293,433,187.03
2 to 3 years	180,116,537.18	53,571,485.07
3 to 4 years	88,540,076.67	121,991,011.67
4 to 5 years	5,134,939.37	108,217,630.81
Over 5 years	60,314,486.02	60,598,764.92
	2,193,674,471.56	2,585,571,043.13
Less: Provision for bad debt	(107,651,622.02)	(126,632,017.47)
	2,086,022,849.54	2,458,939,025.66

The movements in provision for bad debt are as follows:

	For the six months ended	
	30 June 2012	2011
	RMB	RMB
At the beginning of the period/year	126,632,017.47	83,778,249.37
Provision for the period/year	23,193,168.93	53,036,837.82
Transfer in from acquisition of subsidiaries	–	43,057.24
Reversal for the period/year	(32,356,534.39)	(10,153,477.48)
Write-off for the period/year	(5,621,657.06)	(72,649.48)
Transfer out from disposal of subsidiaries	(4,195,372.93)	–
At the end of the period/year	107,651,622.02	126,632,017.47

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (continued)

	30 June 2012			
	Book balance		Provision for bad debt	
	Amount RMB	Proportion (%)	Amount RMB	Proportion of provision (%)
Individually significant and subject to separate provision for bad debt	62,710,183.06	2.86	40,297,783.01	64.26
Subject to provision by groups				
Within 1 year (including 1 year)	1,019,085,537.56	46.46	-	-
1 to 2 years (including 2 years)	8,830,474.33	0.40	2,649,142.31	30.00
2 to 3 years (including 3 years)	1,687,610.12	0.08	1,012,566.07	60.00
3 to 4 years (including 4 years)	1,160,508.21	0.05	986,431.99	85.00
4 to 5 years (including 5 years)	2,188,857.81	0.10	2,188,857.81	100.00
Over 5 years	34,944,587.23	1.59	34,944,587.23	100.00
	1,067,897,575.26	48.68	41,781,585.41	
Special credit characteristics group	1,032,884,200.99	47.08	-	-
Individually not significant but subject to separate provision for bad debt	30,182,512.25	1.38	25,572,253.60	84.73
	<u>2,193,674,471.56</u>	<u>100.00</u>	<u>107,651,622.02</u>	

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**5. Other receivables (continued)**

	31 December 2011			
	Book balance		Provision for bad debts	
	Amount RMB	Proportion (%)	Amount RMB	Proportion of provision (%)
Individually significant and subject to separate provision for bad debt	92,115,954.99	3.56	52,346,355.71	56.83
Subject to provision by groups				
Within 1 year (including 1 year)	849,539,618.38	32.86	–	–
1 to 2 years (including 2 years)	4,639,187.70	0.18	1,391,756.29	30.00
2 to 3 years (including 3 years)	3,018,219.76	0.12	1,810,931.86	60.00
3 to 4 years (including 4 years)	3,568,220.67	0.14	3,032,987.57	85.00
4 to 5 years (including 5 years)	4,885,739.17	0.19	4,885,739.17	100.00
Over 5 years	44,076,289.50	1.70	44,076,289.50	100.00
	909,727,275.18	35.19	55,197,704.39	
Special credit characteristics group	1,554,680,307.33	60.13	–	–
Individually not significant but subject to separate provision for bad debt	29,047,505.63	1.12	19,087,957.37	65.71
	<u>2,585,571,043.13</u>	<u>100.00</u>	<u>126,632,017.47</u>	

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (continued)

As at 30 June 2012, other receivables which were individually significant and separately provided for bad debts were as follows:

	Ending balance RMB	Provision for bad debts RMB	Percentage of provision (%)	Reasons
First	42,659,183.06	20,246,783.01	47.46	Partly uncollectible
Second	<u>20,051,000.00</u>	<u>20,051,000.00</u>	100.00	Uncollectible
	<u>62,710,183.06</u>	<u>40,297,783.01</u>		

As at 31 December 2011, other receivables which were individually significant and separately provided for bad debts were as follows:

	Ending balance RMB	Provision for bad debts RMB	Percentage of provision (%)	Reasons
First	41,276,599.28	21,814,183.06	52.85	Partly uncollectible
Second	30,788,355.71	30,788,355.71	100.00	Uncollectible
Third	<u>20,051,000.00</u>	<u>20,051,000.00</u>	100.00	Uncollectible
	<u>92,115,954.99</u>	<u>72,653,538.77</u>		

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

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

5. Other receivables *(continued)*

As at 30 June 2012, other receivables which were not individually significant but subject to separate provision for bad debts were as follows:

	Ending balance RMB	Provision for bad debts RMB	Percentage of provision (%)	Reasons
First	4,000,000.00	4,000,000.00	100.00	Uncollectible
Second	2,596,881.90	901,163.86	34.70	Partly uncollectible
Third	2,179,835.26	2,179,835.26	100.00	Uncollectible
Fourth	1,600,000.00	1,600,000.00	100.00	Uncollectible
Fifth	1,303,219.00	297,507.67	22.83	Partly uncollectible
Others	18,502,576.09	16,593,746.81	89.68	Partly uncollectible
	<u>30,182,512.25</u>	<u>25,572,253.60</u>		

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (continued)

As at 31 December 2011, other receivables which were not individually significant but subject to separate provision for bad debts were as follows:

	Ending balance RMB	Provision for bad debts RMB	Percentage of provision (%)	Reasons
First	2,725,396.22	2,725,396.22	100.00	Uncollectible
Second	2,691,634.90	2,691,634.90	100.00	Uncollectible
Third	2,527,674.54	1,053,972.87	41.70	Partly uncollectible
Fourth	2,179,835.26	2,179,835.26	100.00	Uncollectible
Fifth	1,600,000.00	1,600,000.00	100.00	Uncollectible
Others	21,195,135.02	12,709,288.43	59.96	Partly uncollectible
	<u>32,919,675.94</u>	<u>22,960,127.68</u>		

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (continued)

For the six months ended 30 June 2012, the reversal or recovery of significant other receivables is as follows:

	Reason for reversal or recovery	The basis for determination of provision for original bad debt	Amount of accumulated provision for bad debt made before the reversal or recovery RMB	Amount reversed RMB
JinJian (Tianjin) Property Investment Limited	Cash settlement	Aging analysis	30,788,355.71	30,788,355.71

As at 30 June 2012, no individually significant other receivables have been written off.

As at 30 June 2012, the top 5 other receivables were as follows:

	Relationship with the Group	Amount RMB	Aging	As a percentage of total other receivables (%)
Entity 1	Third party	550,527,587.20	1 to 2 years	24.87
Entity 2	Third party	251,434,963.00	Within 1 year, 4 to 5 years	11.36
Entity 3	Third party	118,880,000.00	1 to 2 years	5.37
STAR-USG Building Materials Co. Ltd.	Jointly-controlled entity	84,654,748.87	Within 1 year, 1 to 2 years, 2 to 3 years	3.82
Entity 5	Third party	51,810,165.65	Within 1 year	2.34
		<u>1,057,307,464.72</u>		<u>47.76</u>

As at 30 June 2012, there were no receivables due from shareholders of the Group that held 5% or more of the Company's voting rights (31 December 2011: RMB20,806,364.37) (Note VI. 6).

Other receivables from related parties as at 30 June 2012 and 31 December 2011 are set out in Note VI. Relationships and Transactions with Related Parties.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advances to suppliers

An aging analysis of advances to suppliers is as follows:

	30 June 2012		31 December 2011	
	Amount RMB	Proportion (%)	Amount RMB	Proportion (%)
Within 1 year	1,173,827,396.07	95.42	1,366,175,051.39	97.78
1 to 2 years	40,093,350.21	3.26	20,072,491.30	1.44
2 to 3 years	9,452,253.69	0.77	2,707,354.37	0.19
Over 3 years	6,774,867.29	0.55	8,282,614.91	0.59
	<u>1,230,147,867.26</u>	<u>100.00</u>	<u>1,397,237,511.97</u>	<u>100.00</u>

As at 30 June 2012, the top 5 of advances to suppliers were as follows:

	Relationship with the Group	Amount RMB	Aging	Reasons for being not yet settled
Supplier 1	Third party	39,350,646.71	Within 1 year	Settlement date undue
Supplier 2	Third party	32,147,944.28	Within 1 year	Settlement date undue
Supplier 3	Third party	27,725,837.56	Within 1 year	Settlement date undue
Supplier 4	Third party	27,269,500.00	Within 1 year	Settlement date undue
Supplier 5	Third party	25,533,723.65	Within 1 year	Settlement date undue
		<u>152,027,652.20</u>		

As at 30 June 2012, there was no advances to suppliers paid to shareholders that held 5% or more of the Company's voting rights and there was no individually significant advances to suppliers aging more than one year.

The balances of advances to suppliers to related parties as at 30 June 2012 and 31 December 2011 are set out in Note VI. Relationships and Transactions with Related Parties.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

	30 June 2012		
	Book balance	Provision for	Carrying amount
	RMB	decline in value RMB	RMB
Raw materials	1,136,001,852.45	9,149,809.41	1,126,852,043.04
Work in progress	749,608,261.39	6,283,319.13	743,324,942.26
Finished goods	541,214,169.82	58,707,517.37	482,506,652.45
Turnover materials	68,760,991.08	297,073.37	68,463,917.71
Trading goods	373,319,059.79	602,470.53	372,716,589.26
Properties under development	23,270,514,201.26	7,169,850.12	23,263,344,351.14
Completed properties held for sale	2,692,856,122.02	–	2,692,856,122.02
	28,832,274,657.81	82,210,039.93	28,750,064,617.88

	31 December 2011		
	Book balance	Provision for	Carrying amount
	RMB	decline in value RMB	RMB
Raw materials	1,080,492,284.20	7,269,979.64	1,073,222,304.56
Work in progress	601,532,805.21	12,876,977.60	588,655,827.61
Finished goods	547,495,778.45	41,360,453.54	506,135,324.91
Turnover materials	49,016,471.85	297,073.37	48,719,398.48
Trading goods	333,082,919.38	602,470.53	332,480,448.85
Properties under development	21,107,351,389.02	7,169,850.12	21,100,181,538.90
Completed properties held for sale	3,620,070,945.07	–	3,620,070,945.07
	27,339,042,593.18	69,576,804.80	27,269,465,788.38

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

30 June 2012

	Opening balance	Increase for the period	Decrease for the period			Closing balance
			Disposal of subsidiaries	Reversal	Write-off	
	RMB	RMB	RMB	RMB	RMB	RMB
Raw materials	7,269,979.64	1,912,846.78	-	-	(33,017.01)	9,149,809.41
Work in progress	12,876,977.60	3,302,803.70	(1,281,605.67)	(197,449.69)	(8,417,406.81)	6,283,319.13
Finished goods	41,360,453.54	18,928,944.00	(800,691.78)	(763,172.71)	(18,015.68)	58,707,517.37
Turnover materials	297,073.37	-	-	-	-	297,073.37
Trading goods	602,470.53	-	-	-	-	602,470.53
Properties under development	7,169,850.12	-	-	-	-	7,169,850.12
	<u>69,576,804.80</u>	<u>24,144,594.48</u>	<u>(2,082,297.45)</u>	<u>(960,622.40)</u>	<u>(8,468,439.50)</u>	<u>82,210,039.93</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

(1) The breakdown of properties under development:

Project name	Commencement time	Estimated completion time	Aggregate investment RMB	30 June 2012 RMB	31 December 2011 RMB
Hangzhou-Guanlan Times	March 2010	December 2013	4,873,945,342.00	2,643,521,183.38	2,570,339,744.82
Tianjin-Jinyu Yuecheng	September 2010	December 2015	5,208,000,000.00	2,358,845,064.38	2,251,641,167.67
Beijing-LiyuanJincheng	November 2011	October 2013	1,918,200,000.00	1,842,671,680.69	1,701,292,047.21
Chongqing-Huangjueya	December 2011	December 2015	4,171,004,500.00	1,390,328,970.80	1,336,813,699.33
Hangzhou-Banshan Project	November 2012	July 2014	2,216,520,000.00	1,358,330,862.81	1,305,417,664.93
Beijing-Jinyu Vanke City	March 2008	November 2014	4,011,000,000.00	1,345,896,831.57	1,488,184,323.38
Beijing-Tuqiao Project	October 2009	June 2014	4,017,195,500.00	1,301,744,617.16	1,014,740,850.83
Chongqing-Chayuan	December 2011	December 2015	3,946,847,900.00	1,141,057,665.00	1,104,827,261.41
Beijing-Feili Huating	September 2010	October 2012	800,000,000.00	1,096,980,172.42	411,891,203.01
Beijing-Guanlan Times	October 2010	June 2013	1,219,720,000.00	1,050,155,351.02	924,808,754.36
Tangshan-Lefu	June 2011	September 2013	2,478,239,600.00	962,171,870.75	827,414,286.47
Beijing-Guogongzhuang	-	-	-	945,343,064.39	-
Beijing-Yanshan Affordable Housing	September 2011	May 2014	3,384,510,000.00	899,645,147.94	460,598,019.05
Beijing-Xisanqi Commercial Residential Project	October 2012	October 2014	1,717,830,000.00	892,736,416.08	1,002,257,785.63
Beijing-Dachengjun and facilities	September 2007	October 2013	2,044,000,000.00	880,045,421.73	1,228,214,909.33
Beijing-Yueheyuan	September 2011	September 2013	1,550,000,000.00	443,613,088.95	307,980,441.76
Chengdu-Shuanliu	-	-	-	427,918,682.66	406,515,159.00
Beijing Xi Hai'an	August 2012	December 2013	1,140,000,000.00	372,199,366.89	355,033,511.22
Beijing-Taiheyuan	January 2012	December 2013	1,660,000,000.00	366,296,730.24	121,267,820.93
Beijing-Chaoyang New City	September 2009	July 2014	2,004,600,000.00	295,842,310.98	443,583,393.40
Beijing-Jinyu Jiaheyuan	March 2012	June 2014	520,000,000.00	269,976,025.57	264,971,647.13
Beijing-Dawayao	-	-	-	218,008,143.53	213,038,293.41
Inner Mongolia-Jinyu Times City	October 2007	June 2016	669,634,340.00	206,924,692.84	423,775,168.16
Haikou-Meilinghu	August 2011	October 2013	460,000,000.00	147,628,038.63	71,910,687.17
Beijing-Daxing Cube	November 2011	October 2013	880,000,000.00	145,128,547.14	172,787,019.56
Beijing-Dongliu Kanghuiyuan	February 2009	December 2013	1,893,020,000.00	136,250,606.44	117,428,728.26
Beijing-Jinyu Town-House	February 2009	November 2013	593,280,000.00	55,974,710.93	53,549,739.24
Beijing-Linglong Tiandi	June 2010	June 2012	502,595,000.00	-	464,144,909.11
Others				68,109,086.22	55,753,303.12
Total				23,263,344,351.14	21,100,181,538.90

As at 30 June 2012, the balance of properties under development included the capitalized interest of RMB978,178,728.28, in which RMB353,455,328.69 was capitalized during the period, and the rate of interest capitalization was 6.72%.

As at 30 June 2012, the properties under development with carrying amount of RMB7,371,790,137.42 were pledged as guarantee for the Group's bank loans (Note V. 21).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

For the six months ended 30 June 2012

Project name	Completion time	Opening	Increase in	Decrease in	Closing balance
		balance	the period	the period	
		RMB	RMB	RMB	RMB
Hangzhou-Guanlan Times	November 2010	466,973,825.66	34,339,043.47	55,554,686.93	445,758,182.20
Beijing-Kanghuiyuan	March 2011	785,965,697.63	-	371,031,301.06	414,934,396.57
Beijing-Linglong Tiandi	June 2012	-	863,522,670.91	591,668,710.29	271,853,960.62
Tianjin-Jinyu Yuecheng	December 2011	300,451,546.27	-	90,847,357.93	209,604,188.34
Beijing-Dacheng Times Center	September 2010	196,652,714.28	-	4,584,694.61	192,068,019.67
Beijing-Dachengjun	June 2012	305,486,427.30	538,709,808.51	668,085,504.12	176,110,731.69
Beijing-Tuqiao Huashijiang	December 2011	637,687,392.49	-	477,600,201.90	160,087,190.59
Beijing-Jinyu Town-House	September 2010	117,100,661.61	-	3,637,222.33	113,463,439.28
Beijing-Chang'an New City	December 2007	108,849,710.93	-	-	108,849,710.93
Beijing-Jianxinyuan Garden Economic Affordable Housing	December 2008	101,641,499.18	-	4,293,593.60	97,347,905.58
Beijing-Chaoyang New City	June 2012	276,491,253.19	168,076,681.89	347,860,529.93	96,707,405.15
Inner Mongolia-Jinyu Times City	September 2009	22,889,416.88	332,283,671.29	281,298,545.92	73,874,542.25
Beijing-Dacheng International	December 2011	67,547,623.31	-	-	67,547,623.31
Hainan-Dacheng Business Apartments and Jinpan Kindergarten	September 2007	40,712,088.47	-	627,652.38	40,084,436.09
Beijing-Tiantan Kungkuan	June 2008	22,295,794.60	2,290,371.64	221,654.41	24,364,511.83
Beijing-Miaopu Housing Renovation Project	December 2008	14,671,824.56	-	-	14,671,824.56
Beijing-Lijingyuan	December 2009	13,794,051.22	-	795,302.44	12,998,748.78
Beijing-Meiheyuan	December 2009	11,956,065.26	-	4,311,785.20	7,644,280.06
Beijing-Jinyu Vanke City	June 2012	18,184,112.16	425,101,089.74	436,733,937.14	6,551,264.76
Beijing-Jiaheyuan	June 2011	4,136,765.09	-	-	4,136,765.09
Beijing-Jinheyuan	October 2011	36,025,652.04	6,124,180.48	42,149,832.52	-
Others		70,556,822.94	83,640,171.73	-	154,196,994.67
Total		<u>3,620,070,945.07</u>	<u>2,454,087,689.66</u>	<u>3,381,302,512.71</u>	<u>2,692,856,122.02</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**8. Other current assets**

	30 June 2012	31 December 2011
	RMB	RMB
Prepaid income tax	141,338,836.50	120,256,258.39
Prepaid LAT	19,639,383.05	31,730,619.66
Other prepaid tax	562,293,576.53	576,029,847.50
Input VAT	186,558,470.56	189,414,410.65
Prepayments	24,794,242.21	11,118,139.36
Others	54,591,275.62	84,126,004.50
	<u>989,215,784.47</u>	<u>1,012,675,280.06</u>

9. Available-for-sale financial assets

	30 June 2012	31 December 2011
	RMB	RMB
Available-for-sale equity instruments	<u>—</u>	<u>95,138.56</u>

The above available-for-sale equity instruments represent the shares of Bank of Beijing Co., Ltd. held by the Group in 2011, which have been disposed of during the period.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in jointly-controlled entities and associates

For the six months ended 30 June 2012

Jointly-controlled entities	Type of enterprise	Place of registration	Authorized representative	Business nature/ scope of operation	Registered capital ten thousand	Code of organization	Total Assets- amount at end of the period	Total liabilities- amount at end of the period	Total net assets- amount at end of the period	Operation revenue- amount for the period	Net profit (loss)- amount for the period
STAR-USG Building Materials Co., Ltd. (星牌聯合吉星建築材料有限公司)	Limited liability	Dachang county	Deng Guangjun	Production of mineral wool acoustic boards	USD54,520	66774000-7	454,964,036.08	232,618,607.80	222,345,428.28	86,694,388.13	(34,095,092.56)
BBMG Zhacde Property Development Co., Ltd. (北京金隅智德置業有限公司)	Limited liability	Beijing	Huang Aman	Property development	20,000	68196579-8	20,000,000.00	-	20,000,000.00	-	-
BBMG Landao Commercial Operation Management Co., Ltd. (北京金隅藍道商業營運管理有限公司)	Limited liability	Beijing	An Zhiqiang	Commodities retail	6,000	79674055-6	19,611,792.50	12,013,618.92	7,598,173.58	66,616,616.70	929,071.32
Beijing Gaoliang Concrete Co., Ltd. (北京高強梁霖土有限責任公司)	Limited liability	Beijing	Wu Changsen	Production of various concretes, pumping	55,000	70022904-1	566,581,985.72	483,969,905.72	82,612,080.00	224,142,932.68	4,077,771.04
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	Limited liability	Beijing	Deng Guangjun	Production of fiberboards and artificial boards	USD36,500	60004211-6	465,024,674.80	106,234,664.91	358,790,009.89	156,353,294.08	(64,216,874.97)
Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司)	Limited liability	Beijing	Li Changli	Production of wear-resisting composite floors	USD23,500	80114605-0	-	-	-	-	-
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	Limited liability	Beijing	Guo Yanning	Production of radiators	USD27,500	60005569-7	507,972,177.47	192,910,035.67	315,062,141.80	83,362,455.16	(4,709,592.77)
Beijing Dynea Chemical Industry Co., Ltd. (北京大鵬化工有限公司)	Limited liability	Beijing	Deng Jiechen	Production of glass fibers	276,003	70000742-2	34,109,704.03	5,913,935.35	28,195,768.68	31,947,656.48	168,645.09
OVC Reinforcements (Beijing) Co., Ltd. (歐文斯科學聯合材料有限公司)	Limited liability	Beijing	Wang Jiajia	Production of various concretes, pumping	55,000	60004302-0	321,078,233.84	60,400,026.63	260,678,207.21	88,870,378.31	(6,529,395.00)
Beijing Sinoaride Technology Co., Ltd. (北京金華格技術有限公司)	Limited liability	Beijing	Liu Guosong	Design and production of complete non-standard control equipments	10,000	67553374-7	48,522,518.53	26,972,985.40	16,549,533.13	29,766,867.38	47,705.63

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments

	30 June 2012	31 December 2011
	RMB	RMB
Long-term equity investments under equity method	412,641,447.72	425,877,141.10
Long-term equity investments under cost method	25,019,084.80	25,919,084.80
	437,660,532.52	451,796,225.90
Less: Provisions for impairment	(11,482,553.21)	(11,482,553.21)
	426,177,979.31	440,313,672.69

For the six months ended 30 June 2012

	Investment cost	Opening balance	Increase/ decrease for the period	Closing balance	Percentage of shareholding	Percentage of voting right	Provision for impairment	Cash dividends for the period
	RMB	RMB	RMB	RMB	(%)	(%)	RMB	RMB
Equity method:								
Jointly-controlled entities								
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	184,628,800.88	103,053,260.42	8,119,453.72	111,172,714.14	50.00	50.00	-	-
BBMG Landao Commercial Operation Management Co., Ltd. (北京藍島金屬商業營運管理有限公司)	3,758,666.48	4,435,475.89	(636,389.08)	3,799,086.81	50.00	50.00	-	1,100,924.74
BBMG Zhaode Property Development Co., Ltd. (北京金隅昭德置業有限公司)	10,000,000.00	10,000,000.00	-	10,000,000.00	50.00	50.00	-	-
Subtotal	198,387,467.36	117,488,736.31	7,483,064.64	124,971,800.95			-	1,100,924.74

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

For the six months ended 30 June 2012 (continued)

	Investment cost	Opening balance	Increase/ decrease for the period	Closing balance	Percentage of shareholding	Percentage of voting right	Provision for impairment	Cash dividends for the period
	RMB	RMB	RMB	RMB	(%)	(%)	RMB	RMB
Equity method: (continued)								
Associates								
Krono (Beijing) Flooring Co., Ltd. (柯諾地板(北京)有限公司)	36,736,395.34	5,469,434.67	-	5,469,434.67	30.00	30.00	5,469,434.67	-
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	152,304,154.86	126,902,065.46	(19,265,062.49)	107,637,002.97	30.00	30.00	-	-
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	78,150,006.67	85,379,053.13	(1,257,461.27)	84,121,591.86	26.70	26.70	-	-
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	9,921,366.40	12,612,205.61	75,890.29	12,688,095.90	45.00	45.00	-	-
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科寧複合材料(北京)有限公司)	27,557,054.00	53,441,520.44	(1,305,879.00)	52,135,641.44	20.00	20.00	-	-
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土有限責任公司)	15,723,518.14	19,633,577.24	1,019,442.76	20,653,020.00	25.00	25.00	-	-
Beijing Sinobaide Technology Co., Ltd. (北京金時倍德技術有限公司)	4,950,548.24	4,950,548.24	14,311.69	4,964,859.93	30.00	30.00	-	-
Subtotal	325,343,043.65	308,388,404.79	(20,718,758.02)	287,669,646.77			5,469,434.67	-
Total under equity method	523,730,511.01	425,877,141.10	(13,235,693.38)	412,641,447.72			5,469,434.67	1,100,924.74

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

For the six months ended 30 June 2012 (continued)

	Investment cost RMB	Opening balance RMB	Increase/ decrease for the period RMB	Closing balance RMB	Percentage of shareholding (%)	Percentage of voting right (%)	Provision for impairment RMB	Cash dividends for the period RMB
Cost method:								
Tianjia (Tianjin) Building Materials Company Limited (天嘉天津建材有限公司)	1,000,000.00	1,000,000.00	-	1,000,000.00	10.00	10.00	-	-
Chengguan Rural Credit Cooperatives, Fangshan District, Beijing (北京市房山區城關農村 信用合作社)	101,000.00	101,000.00	-	101,000.00	0.00	0.00	-	-
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	-	3,000,000.00	10.00	10.00	-	-
Beijing Lisifang Logistics Information Technology Service Co., Ltd. (北京利四方物流信息 技術服務有限公司)	900,000.00	900,000.00	(900,000.00)	-	-	-	-	-
Beijing Beizhuan Gas Station (北京市北磚加油站)	648,297.22	648,297.22	-	648,297.22	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	-	380,000.00	95.00	0.00	-	-
Beijing Xinchen Ceramic Fiber Products Corp. (北京新辰陶瓷纖維 制品公司)	193,219.03	193,219.03	-	193,219.03	5.56	5.56	-	-
Beijing Tianyun Industrial Co., Ltd. (北京天雲實業)	75,000.00	75,000.00	-	75,000.00	-	-	-	-
Beijing Municipal Engineering Group Co., Ltd. 北京市政建設 集團有限責任公司	7,080,000.00	7,080,000.00	-	7,080,000.00	2.43	2.43	-	-
Chengde BBMG Cement Co., Ltd. (承德金隅水泥 有限責任公司)	6,328,450.01	6,328,450.01	-	6,328,450.01	12.52	12.52	-	-
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	-	200,000.00	0.20	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	55.00	-	2,645,418.54	-
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	27.14	27.14	3,267,700.00	-
Beijing Capital Engineering Co., Ltd. (北京首都工程有限公司)	100,000.00	100,000.00	-	100,000.00	0.34	0.34	100,000.00	-
Total under cost method	25,919,084.80	25,919,084.80	(900,000.00)	25,019,084.80			6,013,118.54	-
	549,649,595.81	451,796,225.90	(14,135,693.38)	437,660,532.52			11,482,553.21	1,100,924.74

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Investment properties

For the six months ended 30 June 2012

	Opening balance	Increase in the period		Decrease in the period		Closing balance
		Addition	Transferred from inventories or self-occupied properties	Gains from changes in fair value	Disposed	
	RMB	RMB	RMB	RMB	RMB	RMB
Cost						
Buildings	6,048,857,216.74	1,438,738.11	-	-	(1,182,857.36)	6,049,113,097.49
Changes in fair value						
Buildings	5,550,142,783.26	-	-	346,744,119.25	-	5,896,886,902.51
Carrying amount						
Buildings	11,599,000,000.00	1,438,738.11	-	346,744,119.25	(1,182,857.36)	11,946,000,000.00

All the above investment properties are located in the PRC, and an analysis of their land use rights by remaining maturity is as follows:

	As at 30 June 2012 RMB	As at 31 December 2011 RMB
Less than 50 years	11,946,000,000.00	11,599,000,000.00
Longer than 50 years (inclusive)	-	-
Total	11,946,000,000.00	11,599,000,000.00

The Group's investment properties were valued by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer on an open market existing use basis, the fair value of which as at 30 June 2012 was RMB11,946,000,000.00 (31 December 2011: RMB11,599,000,000.00).

As at 30 June 2012, the investment properties mentioned above were leased out under operating leases.

As at 30 June 2012, procedures for the title certificates for the investment properties with carrying amount of approximately RMB295,600,000 were yet to be duly 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 of relevant titles.

As at 30 June 2012, the ownership titles of the investment properties with carrying amount of RMB3,436,500,000.00 were subject to restrictions (Note V. 21).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets

For the six months ended 30 June 2012

	Opening balance RMB	Increase in the period RMB	Decrease in the period RMB	Closing balance RMB
Cost				
Buildings	9,613,393,227.05	367,742,314.82	(64,643,187.91)	9,916,492,353.96
Machinery equipment	9,407,785,697.87	285,248,490.40	(136,677,514.37)	9,556,356,673.90
Transporting equipment	787,310,052.49	34,946,330.49	(20,710,050.07)	801,546,332.91
Office equipment	495,807,205.65	16,025,780.28	(10,314,895.41)	501,518,090.52
	<u>20,304,296,183.06</u>	<u>703,962,915.99</u>	<u>(232,345,647.76)</u>	<u>20,775,913,451.29</u>
Accumulated depreciation				
Buildings	1,919,972,162.71	163,326,676.47	(17,351,899.72)	2,065,946,939.46
Machinery equipment	2,987,848,095.48	274,070,808.71	(70,017,269.28)	3,191,901,634.91
Transporting equipment	338,263,834.25	40,074,839.92	(16,668,264.83)	361,670,409.34
Office equipment	253,137,985.43	32,108,967.20	(8,714,580.70)	276,532,371.93
	<u>5,499,222,077.87</u>	<u>509,581,292.30</u>	<u>(112,752,014.53)</u>	<u>5,896,051,355.64</u>
Net book value				
Buildings	7,693,421,064.34			7,850,545,414.50
Machinery equipment	6,419,937,602.39			6,364,455,038.99
Transporting equipment	449,046,218.24			439,875,923.57
Office equipment	242,669,220.22			224,985,718.59
	<u>14,805,074,105.19</u>			<u>14,879,862,095.65</u>
Provision for impairment				
Buildings	45,967,966.42	-	(519,942.43)	45,448,023.99
Machinery equipment	136,735,462.40	-	(24,270,294.17)	112,465,168.23
Transporting equipment	6,918,771.75	-	(249,760.09)	6,669,011.66
Office equipment	1,991,090.85	-	(231.44)	1,990,859.41
	<u>191,613,291.42</u>	<u>-</u>	<u>(25,040,228.13)</u>	<u>166,573,063.29</u>
Carrying amount				
Buildings	7,647,453,097.92			7,805,097,390.18
Machinery equipment	6,283,202,139.99			6,251,989,870.77
Transporting equipment	442,127,446.49			433,206,912.22
Office equipment	240,678,129.37			222,994,859.19
	<u>14,613,460,813.77</u>			<u>14,713,289,032.36</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (continued)

The amount of depreciation provided for the six months ended 30 June 2012 was RMB509,581,292.30. The amount transferred to the cost of fixed assets from construction in progress for the six months ended 30 June 2012 was RMB472,009,297.66.

As at 30 June 2012, the ownership titles of the buildings with carrying amount of RMB86,194,882.77 were subject to restrictions (Note V. 21).

As at 30 June 2012, the Group had no temporarily idle fixed assets, and the Group had no fixed assets acquired under finance leases.

The fixed assets leased out under operating leases are as follows:

	As at 30 June 2012 Carrying amount RMB	As at 31 December 2011 Carrying amount RMB
Buildings	372,216,771.72	498,432,240.31
Machinery equipment	156,321,600.48	174,262,758.43
Total	528,538,372.20	672,694,998.74

As at 30 June 2012, procedures for the title certificates of certain fixed assets were not duly completed. Those fixed assets are set out below:

	Reason for not completing the procedures for the title certificates	Expected time for completing the procedures for the title certificates
No. 1004 and 1104, Unit 1, Block 3, Guoruicheng Central and No. 1205 and 1305, Unit 5, Block 3, Guoruicheng Eastern District – Beijing Xunsheng Wall Materials Co., Ltd.	For local resettlement. The property developer has not handled the filing for completion and acceptance procedures yet	unknown
Floor 10&11 in the southern half of the Office Building No.16 (tentative name), Chongwai Street – Beijing Xunsheng Wall Materials Co., Ltd. (北京迅生牆體材料有限公司崇外大街16號樓 (暫定名)寫字樓南半部十層及十一層)	For local resettlement. The property developer has not handled the filing for completion and acceptance procedures yet	unknown

As at 30 June 2012, among the entire carrying amount of fixed assets, the carrying amount of the buildings held for sale was approximately RMB173,754,339.96. These buildings will be transferred to a third party in the second half of 2012, and a net revenue of approximately RMB215,245,676.61 is expected.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress

	As at 30 June 2012			As at 31 December 2011		
	Book value RMB	Provision for impairment RMB	Carrying amount RMB	Book value RMB	Provision for impairment RMB	Carrying amount RMB
Zuoquan BBMG Cement Co., Ltd. – Project concerning clinker cement production line	261,149,618.32	-	261,149,618.32	9,677,085.47	-	9,677,085.47
Xuanhua BBMG Cement Co., Ltd. – Project concerning comprehensive utilization of carbide slag	241,533,058.41	-	241,533,058.41	85,185,320.11	-	85,185,320.11
Zanhuang BBMG Cement – Phase III project	132,513,908.83	-	132,513,908.83	664,606.20	-	664,606.20
Baoding Taihang Heyi Cement Co., Ltd. – Limestone project	87,306,858.39	-	87,306,858.39	27,894,955.41	-	27,894,955.41
Beijing Liulihe Cement Co., Ltd. – Phase II Project of cement grinding mill	65,199,952.81	-	65,199,952.81	51,583,412.17	-	51,583,412.17
Lingchuan BBMG Cement Co., Ltd. – Cogeneration project	44,469,566.33	-	44,469,566.33	24,802,249.08	-	24,802,249.08
BBMG (Dachang) New Building Materials Co., Ltd. – Alavus project	41,874,459.72	-	41,874,459.72	33,912,495.56	-	33,912,495.56
Beijing Cement Plant – Renovation of raw mill and coal mill	30,649,686.10	-	30,649,686.10	16,963,465.92	-	16,963,465.92
Zhuolu BBMG Cement Co., Ltd. – Cement production line with capacity of 4000 tones per day	27,780,668.13	-	27,780,668.13	-	-	-
BBMG Dingxin Cement – Technological upgrading projects for the year 2011	27,548,240.12	-	27,548,240.12	34,009,631.62	-	34,009,631.62
BBMG Dingxin Cement – Technological upgrading projects for the year 2012	24,216,735.97	-	24,216,735.97	-	-	-
BBMG Concrete Co., Ltd. – Project in Tiancun station	19,370,803.11	-	19,370,803.11	19,301,021.04	-	19,301,021.04
Beijing Liulihe Cement Co., Ltd. – Project concerning comprehensive utilization of fly ash	18,057,469.67	-	18,057,469.67	4,931,848.85	-	4,931,848.85
Tianjin BBMG Concrete Co., Ltd. – Construction works for the newly built Beichen Station	14,306,983.63	-	14,306,983.63	-	-	-
BBMG Mineral Industry Co., Ltd. – Integration project for non-coal mine mountains in Fangshan District	12,845,325.18	-	12,845,325.18	573,680.34	-	573,680.34
Linchuan BBMG Cement Co., Ltd. – Cement storage project	12,515,309.22	-	12,515,309.22	8,891,140.23	-	8,891,140.23
Quyuan BBMG Cement Co., Ltd. – Clinker cement production line (with cogeneration) project	12,159,495.88	-	12,159,495.88	12,159,495.88	-	12,159,495.88
Zhangjiakou BBMG Cement Co., Ltd. – Limestone preblending stockpile project	11,734,710.23	-	11,734,710.23	8,504,799.71	-	8,504,799.71
Beijing Taihang Qianjing Cement Co., Ltd. – Sheltering of in-plant material stockpiles	10,534,164.50	-	10,534,164.50	606,390.00	-	606,390.00

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

	As at 30 June 2012			As at 31 December 2011		
	Book value RMB	Provision for impairment RMB	Carrying amount RMB	Book value RMB	Provision for impairment RMB	Carrying amount RMB
Beijing Liulhe Cement Co., Ltd. – Southern desulfuration gypsum repository project	9,612,324.43	-	9,612,324.43	7,499,264.81	-	7,499,264.81
Lingchuan BBMG Cement Co., Ltd. – Roll squeezer	9,012,724.14	-	9,012,724.14	6,819,145.22	-	6,819,145.22
Beijing Bio-Island Science and Technology Co., Ltd. – Systematic projects for tail gas treatment	8,917,901.00	-	8,917,901.00	8,917,901.00	-	8,917,901.00
Beijing Liulhe Cement Co., Ltd. – Inflatable shed	8,502,519.60	-	8,502,519.60	1,500,000.00	-	1,500,000.00
Qinyang BBMG Cement Co., Ltd. – Project concerning comprehensive utilization of carbide slag	1,036,441.98	-	1,036,441.98	308,580,733.44	-	308,580,733.44
Handan BBMG Taihang Cement Co., Ltd. – New technologies upgrading for old lines	6,009,693.38	6,009,693.38	-	6,009,693.38	6,009,693.38	-
Others	369,389,740.78	2,707,687.47	366,682,053.31	280,296,767.39	2,707,687.47	277,589,079.92
Total	1,508,248,359.86	8,717,380.85	1,499,530,979.01	959,285,102.83	8,717,380.85	950,567,721.98

As at 30 June 2012, none of the construction in progress of the Group had restrictions in its ownership.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

For the six months ended 30 June 2012

	Budget RMB	Amount at beginning of the period RMB	Increase in the period RMB	Transferred to fixed assets for the period end RMB	Amount at of the period RMB	Source of funding RMB	Percentage of project investment of budget (%)
Zuoquan BBMG Cement Co., Ltd. – Project concerning clinker cement production line	495,996,190.67	9,677,085.47	251,472,532.85	–	261,149,618.32	borrowing	52.65
Xuanhua BBMG Cement Co., Ltd. – Project concerning comprehensive utilization of carbide slag	400,000,000.00	85,185,320.11	156,347,738.30	–	241,533,058.41	borrowing	60.38
Zanhuang BBMG Cement Co., Ltd. – Phase III project for plant area	377,000,000.00	664,606.20	131,849,302.63	–	132,513,908.83	borrowing	35.15
Baoding Taihang Heyi Cement Co., Ltd. – Limestone project	110,184,000.00	27,894,955.41	59,411,902.98	–	87,306,858.39	self-financing/ borrowing	79.24
Beijing Liulihe Cement Co., Ltd. – Phase II Project of cement grinding mill	65,000,000.00	51,583,412.17	13,616,540.64	–	65,199,952.81	self-financing	100.31
Lingchuan BBMG Cement Co., Ltd. – Cogeneration project	50,000,000.00	24,802,249.08	19,667,317.25	–	44,469,566.33	borrowing	88.94
BBMG (Dachang) New Building Materials Co., Ltd. – Alavus project	50,000,000.00	33,912,495.56	7,961,964.16	–	41,874,459.72	self-financing/ borrowing	83.75
Beijing Cement Plant Co., Ltd. – Renovation of raw mill and coal mill	55,000,000.00	16,963,465.92	13,686,220.18	–	30,649,686.10	self-financing	55.73
BBMG Dingxin Cement Co., Ltd. – Technological upgrading projects for the year 2011	50,000,000.00	34,009,631.62	15,345,794.83	21,807,186.33	27,548,240.12	self-financing	98.71
BBMG Dingxin Cement Co., Ltd. – Technological upgrading projects for the year 2012	56,700,000.00	–	24,216,735.97	–	24,216,735.97	self-financing	42.71
BBMG Concrete Co., Ltd. – Project in Tiancun station	25,300,000.00	19,301,021.04	141,000.00	71,217.93	19,370,803.11	self-financing	76.85
Beijing Liulihe Concrete Co., Ltd. – Project concerning comprehensive utilization of fly ash	80,000,000.00	4,931,848.85	13,125,620.82	–	18,057,469.67	self-financing	22.57
Tianjin BBMG Concrete Co., Ltd. – Construction works for the newly built Beichen Station	19,830,000.00	–	14,306,983.63	–	14,306,983.63	self-financing	72.15
BBMG Mineral Industry Co., Ltd. – Integration project for non-coal mine mountains in Fangshan District	157,920,000.00	573,680.34	12,271,644.84	–	12,845,325.18	borrowing	8.13

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

For the six months ended 30 June 2012 (continued)

	Budget RMB	Amount at beginning of the period RMB	Increase in the period RMB	Transferred to fixed assets for the period end RMB	Amount at of the period RMB	Source of funding RMB	Percentage of project investment of budget (%)
Lingchuan BBMG Mineral Industry Co., Ltd. – Cement storage project	11,050,000.00	8,891,140.23	3,624,168.99	–	12,515,309.22	self-financing	113.26
Zhangjiakou BBMG Cement Co., Ltd. – Limestone preblending stockpile project	12,000,000.00	8,504,799.71	3,229,910.52	–	11,734,710.23	self-financing	97.79
Beijing Taihang Qianjing Cement Co., Ltd. – Sheltering of in-plant material stockpiles	14,459,500.00	606,390.00	9,927,774.50	–	10,534,164.50	self-financing	72.85
Beijing Liulhe Cement Co., Ltd. – Southern desulfuration gypsum repository project	14,400,000.00	7,499,264.81	2,113,059.62	–	9,612,324.43	self-financing	66.75
Lingchuan BBMG Cement Co., Ltd. – Roll squeezer	10,390,000.00	6,819,145.22	2,193,578.92	–	9,012,724.14	self-financing	86.74
Beijing Bio-Island Science and Technology Co., Ltd. – Systematic projects for tail gas treatment	17,835,802.00	8,917,901.00	–	–	8,917,901.00	self-financing	50.00
Beijing Liulhe Cement Co., Ltd. – Inflatable shed project	8,600,000.00	1,500,000.00	7,002,519.60	–	8,502,519.60	self-financing	98.87
Qinyang BBMG Cement Co., Ltd. – Project concerning comprehensive utilization of carbide slag	400,000,000.00	308,580,733.44	54,151,708.54	361,696,000.00	1,036,441.98	borrowing	90.68
Others		289,748,575.80	205,308,534.92	88,434,893.40	406,622,217.32		
Total	<u>2,481,665,492.67</u>	<u>950,567,721.98</u>	<u>1,020,972,554.69</u>	<u>472,009,297.66</u>	<u>1,499,530,979.01</u>		

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**14. Construction in progress (continued)**

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

For the six months ended 30 June 2012

	Progress of works (%)	Accumulated amount of interest capitalization RMB	In which: interest capitalization for the period RMB	Rate of interest capitalization for the period (%)
BBMG (Dachang) New Building Materials Co., Ltd.				
– Alavus project	80.00	7,133,605.28	–	–
Xuanhua BBMG Cement Co., Ltd.				
– Project concerning comprehensive utilization of carbide slag	70.00	9,340,896.86	6,549,310.66	6.88
Beijing Liulihe Cement Co., Ltd.				
– Phase II Project of cement grinding mill	98.00	2,158,681.42	–	–
BBMG Doudian Technology Enterprise Management Co., Ltd.				
– Air-entrapping plant project	90.00	1,268,125.43	158,251.30	6.88
Zuoquan BBMG Cement Co., Ltd.				
– Project concerning clinker cement production line	70.00	1,753,663.34	1,142,260.00	6.88
Siping BBMG Cement Co., Ltd.				
– Cogeneration project	95.00	353,010.00	–	–
Lingchuan BBMG Cement Co., Ltd.				
– Cogeneration project	70.00	2,708,466.67	2,455,338.74	6.88
Lingchuan BBMG Cement Co., Ltd.				
– Cement storage project	80.00	90,741.61	–	–
BBMG Mineral Industry Co., Ltd.				
– Integration project for non-coal mine mountains in Fangshan District	20.00	7,378,332.50	7,378,332.50	6.88
Baoding Taihang Heyi Cement Co., Ltd.				
– Limestone project	85.00	1,406,300.00	1,406,300.00	6.88
Total		<u>33,591,823.11</u>	<u>19,089,793.20</u>	

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

Provision for impairment of construction in progress for the six months ended 30 June 2012:

	Amount at beginning of the period RMB	Increase in the period RMB	Decrease in the period RMB	Amount at end of the period RMB	Reason for making provisions
BBMG Dingxin Cement Co., Ltd. – A sub project	1,299,924.00	–	–	1,299,924.00	Recoverable amount after testing is lower than the carrying amount
Handan BBMG Taihang Cement Co., Ltd. – Technological upgrading projects of the old lines	6,009,693.38	–	–	6,009,693.38	Shut down for years due to problems occurred in technological upgrading
Beijing BBMG Cement Trading Co., Ltd. – New countryside bulk cement logistics distribution	751,763.47	–	–	751,763.47	It is expected it can not generate assets due to suspension of construction in progress
BBMG Dingxin Cement Co., Ltd. – Assets in Zhuozhou	656,000.00	–	–	656,000.00	Recoverable amount after testing is lower than the carrying amount
	<u>8,717,380.85</u>	<u>–</u>	<u>–</u>	<u>8,717,380.85</u>	

15. Construction materials

For the six months ended 30 June 2012

	Amount at beginning of the period RMB	Increase in the period RMB	Decrease in the period RMB	Amount at end of the period
Special-purpose materials	1,699,734.20	6,753,307.58	(6,948,717.01)	1,504,324.77
Special-purpose equipment	24,085,214.34	111,524,764.64	(103,742,987.57)	31,866,991.41
Equipment and instruments	2,163,762.59	15,801,360.59	(13,838,040.57)	4,127,082.61
Provision for impairment	(12,705,917.71)	–	–	(12,705,917.71)
	<u>15,242,793.42</u>	<u>134,079,432.81</u>	<u>(124,529,745.15)</u>	<u>24,792,481.08</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets

For the six months ended 30 June 2012

	Opening balance RMB	Increase in the period RMB	Decrease in the period RMB	Closing balance RMB
Cost				
Land use rights	3,188,637,038.51	73,253,599.64	(21,279,662.81)	3,240,610,975.34
Computer software licences	33,922,831.34	1,373,801.65	(2,532,389.66)	32,764,243.33
Trademark rights	16,670,000.00	–	–	16,670,000.00
Mining rights	583,847,142.81	–	(1,856,894.09)	581,990,248.72
Others	55,740,949.09	–	(1,640,777.25)	54,100,171.84
	<u>3,878,817,961.75</u>	<u>74,627,401.29</u>	<u>(27,309,723.81)</u>	<u>3,926,135,639.23</u>
Accumulated amortization				
Land use rights	368,041,061.36	30,220,815.36	(15,805,358.53)	382,456,518.19
Computer software licences	17,866,649.25	1,883,063.39	(1,637,589.44)	18,112,123.20
Trademark rights	–	–	–	–
Mining rights	60,495,308.52	5,965,462.21	–	66,460,770.73
Others	37,989,262.52	487,827.15	–	38,477,089.67
	<u>484,392,281.65</u>	<u>38,557,168.11</u>	<u>(17,442,947.97)</u>	<u>505,506,501.79</u>
Net book value				
Land use rights	2,820,595,977.15			2,858,154,457.15
Computer software licences	16,056,182.09			14,652,120.13
Trademark rights	16,670,000.00			16,670,000.00
Mining rights	523,351,834.29			515,529,477.99
Others	17,751,686.57			15,623,082.17
	<u>3,394,425,680.10</u>			<u>3,420,629,137.44</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets (continued)

For the six months ended 30 June 2012 (continued)

	Amount at beginning of the period RMB	Increase in the period RMB	Decrease in the period RMB	Amount at end of the period RMB
Provision for impairment				
Land use rights	-	-	-	-
Computer software licences	-	-	-	-
Trademark rights	-	-	-	-
Mining rights	40,043,841.71	-	-	40,043,841.71
Others	2,310,000.00	-	-	2,310,000.00
	<u>42,353,841.71</u>	<u>-</u>	<u>-</u>	<u>42,353,841.71</u>
Carrying amount				
Land use rights	2,820,595,977.15			2,858,154,457.15
Computer software licences	16,056,182.09			14,652,120.13
Trademark rights	16,670,000.00			16,670,000.00
Mining rights	483,307,992.58			475,485,636.28
Others	15,441,686.57			13,313,082.17
	<u>3,352,071,838.39</u>			<u>3,378,275,295.73</u>

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

	30 June 2012 RMB	31 December 2011 RMB
Less than 50 years	2,762,510,696.71	2,743,118,836.16
Longer than 50 years (inclusive)	95,643,760.44	77,477,140.99
Total	<u>2,858,154,457.15</u>	<u>2,820,595,977.15</u>

For the six months ended 30 June 2012, the amortisation amount of intangible assets was RMB38,557,168.11.

As at 30 June 2012, the useful life of trademark rights with a carrying amount of RMB16,670,000.00 was indefinite. 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 30 June 2012, the land use rights with a carrying amount of RMB1,989,439.47 were restricted (Note V.21).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill

For the six months ended 30 June 2012

Assets group	Opening balance	Increases in the period	Transfer-out in the period	Closing balance	Provision
					for impairment at the end of the period
	RMB	RMB	RMB	RMB	RMB
BBMG Dingxin Cement Co., Ltd.	189,815,999.91	-	-	189,815,999.91	-
Tongda Refractory Technology Co., Ltd.	3,967,009.95	-	-	3,967,009.95	-
Handan BBMG Taihang Cement Co., Ltd.	26,884,752.28	-	-	26,884,752.28	-
Beijing Taihang Qianjing Cement Co., Ltd.	9,482,871.64	-	-	9,482,871.64	-
Baoding Taihang Heyi Cement Co., Ltd.	11,428,946.82	-	-	11,428,946.82	-
Handan Taihang Cement Co., Ltd.	522,323.32	-	-	522,323.32	-
Beijing Qianglian Cement Co., Ltd.	2,742,710.29	-	-	2,742,710.29	-
Tianjin Zhenxing Cement Co., Ltd.	10,931,009.96	-	-	10,931,009.96	-
Handan Shexian BBMG Cement Co., Ltd.	56,276,121.38	-	-	56,276,121.38	-
Harbin Taihang Xinglong Cement Co., Ltd.	1,507,000.00	-	(1,507,000.00)	-	-
	<u>313,558,745.55</u>	<u>-</u>	<u>(1,507,000.00)</u>	<u>312,051,745.55</u>	<u>-</u>

Measurement basis and major assumptions in 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 current value of estimated future cash flows, which are based on the five-year financial budget approved by the management at a discount rate of 13% (2011: 13%). The estimated cash flows of these assets groups in five years are measured at a fixed growth rate of 2% per annum (2011: 2%). Other key assumptions adopted during the evaluation include the estimated cash inflows and outflows relevant to the estimated income and estimated gross profit, and the above assumptions are based on the previous performance of these assets groups and the management's expectations for the market development.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Long-term prepayments

For the six months ended 30 June 2012

	Opening balance	Increases in the period	Amortisations in the period	Other decreases	Closing balance
	RMB	RMB	RMB	RMB	RMB
Decoration expenses	71,490,500.22	8,188,879.74	(5,810,737.61)	-	73,868,642.35
Leasehold improvement	10,819,998.51	-	(729,053.41)	(322,587.11)	9,768,357.99
Land lease prepayments	826,874.04	62,195.10	(326,742.07)	(76,666.73)	485,660.34
Others (note)	<u>86,770,802.63</u>	<u>262,920,724.91</u>	<u>(2,380,814.30)</u>	<u>-</u>	<u>347,310,713.24</u>
	<u>169,908,175.40</u>	<u>271,171,799.75</u>	<u>(9,247,347.39)</u>	<u>(399,253.84)</u>	<u>431,433,373.92</u>

Note:

The increases in other long-term prepayments during the current period are mainly attributable to the non-coal mine integration compensations payable to Fangshan Government by BBMG Mining Co., Ltd. ("BBMG Mining"). In order to explore the mining rights obtained in 2011, surrounding small mines shall be cleared or moved away, and BBMG Mining shall pay compensations of RMB250,000,000.00 in total in accordance with the agreement entered into with the local government.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets/liabilities

Deferred tax assets and deferred tax liabilities are as follows:

Recognised deferred tax assets and liabilities:

	30 June 2012	31 December 2011
	RMB	RMB
Deferred tax assets		
Provisions for impairment of assets	93,263,113.37	110,785,900.79
Accrual of LAT	296,782,649.60	236,820,719.12
Deductible losses	43,787,060.86	36,482,663.52
Accrual of property development cost	188,656,878.50	231,889,854.78
Unrealised profits and losses of internal transactions	109,851,458.60	110,294,119.05
Others	9,314,838.90	9,744,411.81
	<u>741,655,999.83</u>	<u>736,017,669.07</u>
Deferred tax liabilities		
Estimated appreciation of investment properties upon valuation	1,566,481,022.38	1,479,503,116.84
Differences arising from deductible depreciation expenses	326,862,567.07	305,523,919.88
Adjustment of fair value of assets in business combination	239,419,064.54	284,362,876.98
Changes of fair value of available-for-sale financial assets	–	21,221.64
Unrealised profits and losses of internal transactions	175,870,036.53	142,059,328.58
Others	26,768,749.77	23,230,524.00
	<u>2,335,401,440.29</u>	<u>2,234,700,987.92</u>
Net amount	<u>1,593,745,440.46</u>	<u>1,498,683,318.85</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets/liabilities (continued)

Temporary differences corresponding to assets and liabilities that lead to such differences are as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Deductible differences:		
Provision for impairment of assets	373,052,453.48	443,143,603.16
Accrual of LAT	1,187,130,598.40	947,282,876.48
Deductible losses	175,148,243.44	145,930,654.08
Accrual of property development cost	754,627,514.00	927,559,419.12
Unrealised profits and losses of internal transactions	439,405,834.40	441,176,476.20
Others	37,259,355.60	38,977,647.24
Sub-total	<u>2,966,623,999.32</u>	<u>2,944,070,676.28</u>
Taxable differences:		
Estimated appreciation of investment properties upon valuation	6,265,924,089.52	5,918,012,467.36
Differences arising from deductible depreciation expenses	1,307,450,268.28	1,222,095,679.52
Adjustment of fair value of assets in business combination	957,676,258.16	1,137,451,507.92
Changes of fair value of available-for-sale financial assets	–	84,886.56
Unrealised profits and losses of internal transactions	703,480,146.12	568,237,314.32
Others	107,074,999.08	92,922,096.00
Sub-total	<u>9,341,605,761.16</u>	<u>8,938,803,951.68</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets/liabilities (continued)

Unrecognised deferred tax assets are as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Deductible losses	1,255,881,751.20	1,010,521,754.52
Deductible temporary differences	<u>238,020,854.98</u>	<u>249,301,290.61</u>
	<u>1,493,902,606.18</u>	<u>1,259,823,045.13</u>

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

	30 June 2012	31 December 2011
	RMB	RMB
2012	16,226,719.31	22,481,739.15
2013	66,279,766.76	66,279,766.76
2014	49,628,351.13	49,628,351.13
2015	342,279,637.72	342,279,637.72
2016	529,852,259.76	529,852,259.76
2017	<u>251,615,016.52</u>	—
	<u>1,255,881,751.20</u>	<u>1,010,521,754.52</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Provisions for assets impairment

For the six months ended 30 June 2012

	Opening balance RMB	Provision RMB	Disposal of subsidiaries RMB	Reversal RMB	Write-off RMB	Closing balance RMB
Provision of bad debts	486,178,667.43	41,973,465.55	(6,164,823.54)	(52,237,390.16)	(91,992,805.95)	377,757,113.33
Including: accounts receivable	359,546,649.96	18,780,296.62	(1,969,450.61)	(19,880,855.77)	(86,371,148.89)	270,105,491.31
Other receivables	126,632,017.47	23,193,168.93	(4,195,372.93)	(32,356,534.39)	(5,621,657.06)	107,651,622.02
Provision for decline in value of inventories	69,576,804.80	24,144,594.48	(2,082,297.45)	(960,622.40)	(8,468,439.50)	82,210,039.93
Provision for impairment of long-term equity investments	11,482,553.21	-	-	-	-	11,482,553.21
Provision for impairment of fixed assets	191,613,291.42	-	(20,307,183.06)	-	(4,733,045.07)	166,573,063.29
Provision for impairment of construction materials	12,705,917.71	-	-	-	-	12,705,917.71
Provision for impairment of construction in progress	8,717,380.85	-	-	-	-	8,717,380.85
Provision for impairment of intangible assets	42,353,841.71	-	-	-	-	42,353,841.71
Provision for impairment of goodwill	1,507,000.00	-	(1,507,000.00)	-	-	-
Others	241,286.41	238,103.13	-	-	-	479,389.54
	<u>824,376,743.54</u>	<u>66,356,163.16</u>	<u>(30,061,304.05)</u>	<u>(53,198,012.56)</u>	<u>(105,194,290.52)</u>	<u>702,279,299.57</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Assets with title restrictions

For the six months ended 30 June 2012

	Opening balance	Increase in the period	Decrease in the period	Closing balance	Notes
	RMB	RMB	RMB	RMB	
Pledged assets:					
Inventories	7,376,599,492.50	-	(4,809,355.08)	7,371,790,137.42	(1)
Fixed assets	87,783,961.47	-	(1,589,078.70)	86,194,882.77	(2)
Land use right	2,042,851.93	-	(53,412.46)	1,989,439.47	(2)
Investment properties	3,327,4000,000.00	109,100,000.00	-	3,436,500,000.00	(2)
Assets whose titles are restricted					
for other reasons-cash and					
bank balances					
					(3)
Guarantee deposit for L/C	12,177,894.00	-	(10,984,770.83)	1,193,123.17	
Quality/performance deposits	63,173,591.35	41,479,146.50	-	104,652,737.85	
Guarantee deposits for					
acceptance bills	70,871,916.10	118,225,466.19	-	189,097,382.29	
Restricted cash arising from					
sale of properties	2,541,681,564.29	-	(230,403,153.94)	2,311,278,410.35	
Other restricted cash	104,103,026.01	-	(64,604,146.56)	39,498,879.45	
	<u>13,585,834,297.65</u>	<u>268,804,612.69</u>	<u>(312,443,917.57)</u>	<u>13,542,194,992.77</u>	

Notes:

- (1) As at 30 June 2012, the Group obtained bank borrowings of RMB2,452,416,500.54 secured by inventories with a carrying amount of RMB7,371,790,137.42 (Note V.7).
- (2) As at 30 June 2012, the Group obtained bank borrowings of RMB389,000,000.00 secured by fixed assets with a carrying amount of RMB86,194,882.77, land use rights with a carrying amount of RMB1,989,439.47 and investment properties with a carrying amount of RMB3,436,500,000.00 (Note V.12, 13 and 16).
- (3) As at 30 June 2012, the carrying amount of restricted cash and bank balances of the Group was RMB2,645,720,533.11 (Note V.1).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Short-term loans

	30 June 2012	31 December 2011
	RMB	RMB
Pledged loans	–	9,850,000.00
Mortgaged loans (note 1)	250,000,000.00	480,000,000.00
Guaranteed loans (note 2)	751,000,000.00	637,470,000.00
Credit loans	11,404,590,000.00	10,159,541,222.71
	12,405,590,000.00	11,286,861,222.71

Note 1: Collaterals and their values for mortgaged loans of the Group as at 30 June 2012 are detailed in note V.21.

Note 2: As at 30 June 2012, included in the guaranteed loans, balances of RMB10,000,000.00 were guaranteed by BBMG Group, while the remaining were guaranteed by the Company and its subsidiaries.

As at 30 June 2012, the above loans bore an interest rate of 5.19%-7.22% per annum.

As at 30 June 2012, the Group had no outstanding short-term loans that were due.

As at 30 June 2012, short-term loans with balances of RMB3,350,000,000.00 were entrusted loans from the Parent.

23. Bills payable

	30 June 2012	31 December 2011
	RMB	RMB
Commercial acceptance bills	26,940,000.00	–
Bank acceptance bills	391,236,519.92	361,817,226.63
	418,176,519.92	361,817,226.63

As at 30 June 2012, balances due in the next accounting period were RMB418,176,519.92.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Accounts payable

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

An aging analysis of accounts payable is as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Within 1 year	4,484,029,290.58	4,170,179,825.53
1-2 years	577,526,200.50	562,097,531.33
2-3 years	448,518,560.01	276,770,222.96
Over 3 years	144,848,300.06	115,306,540.69
	<u>5,654,922,351.15</u>	<u>5,124,354,120.51</u>

As at 30 June 2012, other than the accounts payable of RMB1,864,000.00 due to the Parent (31 December 2011: Nil), there were no accounts payable to shareholders holding more than 5%(5% included) of the Company's voting rights (31 December 2011: Nil).

Please refer to note VI "Relationships and Transactions with Related Parties" for accounts payable to related parties as of 30 June 2012.

As at 30 June 2012, significant accounts payable aging over 1 year were as follows:

	Relationship with the Group	Amounts RMB	Reasons for total accounts payable	Percentage of non-payment
Supplier 1	Third party	148,404,993.98	2.62%	Undue
Supplier 2	Third party	103,515,393.59	1.83%	Undue
Supplier 3	Third party	26,633,620.00	0.47%	Undue
Supplier 4	Third party	26,576,049.00	0.47%	Undue
Supplier 5	Third party	25,831,182.78	0.46%	Undue

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Advances from customers

An aging analysis on advances from customers is as follows:

	30 June 2012 RMB	31 December 2011 RMB
Within 1 year	8,735,967,126.68	7,306,937,261.64
1 to 2 years	1,925,740,333.00	4,279,400,153.00
2 to 3 years	4,784,808.00	4,316,491.00
Over 3 years	34,019,554.00	31,124,414.00
	<u>10,700,511,821.68</u>	<u>11,621,778,319.64</u>

An analysis on advances from customers by nature is as follows:

	30 June 2012 RMB	31 December 2011 RMB
Advances on sale of goods	840,736,904.20	1,032,060,234.00
Advances on pre-sale of properties	9,532,547,053.27	10,289,139,188.15
Others	327,227,864.21	300,578,897.49
	<u>10,700,511,821.68</u>	<u>11,621,778,319.64</u>

As at 30 June 2012, there were no advances due to shareholders holding more than 5%(5% included) of the Company's voting rights.

Please refer to note VI "Relationships and Transactions with Related Parties" for advances from customers from related parties as of 30 June 2012.

As at 30 June 2012, significant advances from customers aging over 1 year were as follows:

Name of the creditor	Amount RMB	Reasons for being outstanding
Customer 1	45,600,700.00	Undue

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Advances from customers (continued)

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

Projects	Expected settlement date of the first batch	Proportion of the pre-sales	30 June 2012 RMB	31 December 2011 RMB
Beijing – Dachengjun	December 2013	94%	2,142,999,869.00	2,550,322,576.00
Beijing – Yueheyuan	December 2013	90%	1,478,363,235.60	872,288,103.80
Beijing – Yanshan affordable housing projects	June 2014	92%	1,475,913,026.00	483,179,300.35
Hangzhou – Guanlan Times	December 2013	45%	1,033,980,805.00	772,236,425.00
Beijing – Jinyu Vanke City Complex	December 2013	96%	901,044,423.00	1,627,113,233.00
Beijing – LingLong Tiandi (玲瓏天地)	December 2013	92%	592,229,259.00	1,375,822,126.00
Beijing – Guanlan Times	December 2013	56%	543,899,795.68	298,837,354.38
Beijing – Feilihuating (翡麗華庭)	July 2012	38%	298,226,858.00	1,344,164.00
Beijing – Xigongguan (熙公館)	October 2013	87%	242,478,079.00	121,430,386.00
Beijing – Kanghuiyuan (康惠園)	December 2012	77%	128,480,225.66	479,662,743.20
Beijing – Tuqiao Huashijiang (土橋花石匠)	December 2012	25%	106,619,844.55	162,315,728.27
Jinyu Lefu (Tangshan)	September 2013	32%	103,894,234.77	44,585,099.42
Inner Mongolia Jinyu Times City	June 2014	88%	101,569,269.21	382,908,121.14
Beijing – Dacheng Times Centre	December 2013	99%	72,670,552.00	56,515,928.00
Haikou – Melinghu	October 2013	26%	66,044,771.00	–
Beijing – Changanxincheng	July 2013	99%	54,789,687.02	48,415,312.78
BeijingTianjin – JinyuYuecheng	December 2012	49%	49,103,764.00	34,838,492.00
Beijing – Tuqiao Tongheyuan	December 2012	99%	41,499,597.36	496,647,686.28
Beijing – Chaoyang Xincheng	December 2012	97%	30,080,462.78	384,028,609.45
Beijing – Jinheyuan	December 2012	100%	26,787,323.01	45,937,954.85
Beijing – Jinyu Shanshu	December 2012	91%	2,471,972.17	4,250,000.00
Others			39,399,999.46	46,459,844.23
Total			9,532,547,053.27	10,289,139,188.15

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Employee benefits payable

For the six months ended 30 June 2012

	Opening amount RMB	Increase in the period RMB	Decrease in the period RMB	Closing amount RMB
Salaries, bonuses, allowances and subsidies	70,127,048.00	758,126,334.32	(779,650,430.32)	48,602,952.00
Staff welfare	6,260,366.00	52,400,103.49	(47,704,636.49)	10,955,833.00
Social insurance	27,484,451.27	199,721,888.52	(203,569,392.46)	23,636,947.33
Including: Medical insurance	11,503,821.27	50,973,939.75	(51,076,910.16)	11,400,850.86
Basic pension	11,198,686.00	106,687,792.31	(111,427,408.84)	6,459,069.47
Annuity payment	993,040.00	25,926,855.00	(24,649,911.00)	2,269,984.00
Unemployment insurance	1,816,493.00	7,018,597.17	(7,216,287.17)	1,618,803.00
Work injury insurance	1,228,444.00	5,225,385.32	(5,330,790.32)	1,123,039.00
Maternity insurance	743,967.00	3,889,318.97	(3,868,084.97)	765,201.00
Housing funds	9,806,512.00	54,470,419.52	(56,202,530.52)	8,074,401.00
Union fund and employee education fund	17,270,515.99	15,803,312.24	(16,804,223.23)	16,269,605.00
Non-monetary benefits	477,878.16	-	(477,878.16)	-
Compensation for termination of employment relationship	698,457.92	-	(698,457.92)	-
Others	11,590,293.04	5,119,909.96	(11,240,620.53)	5,469,582.47
	<u>143,715,522.38</u>	<u>1,085,641,968.05</u>	<u>(1,116,348,169.63)</u>	<u>113,009,320.80</u>

As at 30 June 2012, there was no employee benefits payable in arrears.

27. Taxes payable

	30 June 2012 RMB	31 December 2011 RMB
VAT	53,451,993.31	11,368,041.40
Business tax	99,072,642.93	130,134,586.92
Corporate income tax	535,181,148.23	818,414,142.96
Individual income tax	5,875,532.29	9,428,818.48
City maintenance and construction tax	7,839,050.72	12,882,611.01
Education surcharges	6,500,331.24	9,035,120.71
Resource tax	11,945,236.71	18,019,819.53
Urban and rural land use tax	5,253,905.46	2,805,825.68
Real estate tax	4,197,176.32	1,785,388.41
Others	9,612,521.52	8,350,048.53
	<u>738,929,538.73</u>	<u>1,022,224,403.63</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**28. Interests payable**

	30 June 2012	31 December 2011
	RMB	RMB
Interests on borrowings	79,106,114.06	41,986,589.77
Interests on long-term borrowings	7,763,327.31	18,573,094.14
Interests on short-term borrowings	71,342,786.75	23,413,495.63
Interests of corporate bonds (note V.35)	102,780,000.00	79,870,000.00
	181,886,114.06	121,856,589.77

29. Dividends payable

	30 June 2012	31 December 2011
	RMB	RMB
Holder of tradable H shares	84,168,284.03	1,398,730.15
China Cinda Asset Management Corporation	14,026,210.52	8,812,811.01
Winfirst Investment Group Co., Ltd.	4,318,792.50	–
Bloomage Holystar Investment Co., Ltd.	4,935,762.85	–
Beijing Great Ocean Investment (Group) Co., Ltd	3,886,913.25	–
Hopson Group	14,776,440.04	–
TaianPinghe Investment Management Co., Ltd.	9,593,889.05	–
Original shareholders of Taihang Cement	215,939.62	–
Tradable A shares not subject to trading moratorium	22,766,206.16	–
Sinoma	34,014,921.47	16,770,600.00
Tianjin Building Materials	8,452,493.89	16,425,011.68
BBMG Group	132,829,374.67	–
Dividends payable to other non-controlling shareholders	27,906,438.72	11,636,094.46
	361,891,666.77	55,043,247.30

As considered and approved by the 2011 Annual General Meeting of BBMG Corporation on 24 May 2012, the annual profit distribution for 2011 was calculated based on the 4,283,737,060 ordinary shares in issue on the basis of RMB0.72 (tax included) for every ten shares, totalling RMB308,429,068.32 in cash. The cash bonus had been distributed on 19, 26 July and 7 August 2012.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables

An aging analysis of other payables is as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Within 1 year	2,146,289,962.32	1,992,285,614.41
1 to 2 years	942,931,218.02	1,137,145,406.34
2 to 3 years	72,054,025.72	112,333,069.02
Over 3 years	308,360,554.03	336,399,222.78
	<u>3,469,635,760.09</u>	<u>3,578,163,312.55</u>

An analysis on other payables by nature is as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Payables to related parties	433,300,359.65	11,918,151.28
Construction cost payable	407,992,549.30	505,679,529.70
Payables for acquisition of equity investments	715,452,449.09	763,503,457.58
Payables for relocation compensation	299,115,617.86	286,569,022.15
Land costs payable	76,267,883.17	176,364,172.28
Deposits	476,022,986.52	433,513,598.69
Amounts collected on behalf and temporary receipts	460,932,178.45	446,108,318.43
Others	600,551,736.05	954,507,062.44
	<u>3,469,635,760.09</u>	<u>3,578,163,312.55</u>

As at 30 June 2012, other than the amounts payable to the Parent of RMB423,089,985.05 (31 December 2011: Nil), there were no balances payable to other shareholders holding 5% or more of the Company's voting rights.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables (continued)

Please refer to note VI "Relationships and Transactions with Related Parties" for other payables to related parties as of 30 June 2012.

As at 30 June 2012, significant other payables aging more than one year are as follows:

	Relationship with the Group	Amount RMB	Percentage of total other payables (%)	Reasons for non-payment
Entity 1	Third party	623,655,609.36	17.97	Not yet settled
Entity 2	Third party	72,424,738.00	2.09	Not yet settled
Entity 3	Third party	27,370,260.66	0.79	Not yet settled
Entity 4	Third party	17,211,765.21	0.50	Not yet settled
Entity 5	Third party	15,013,061.76	0.43	Not yet settled
Entity 6	Third party	11,465,999.25	0.33	Not yet settled

31. Provision

For the six months ended 30 June 2012

	Opening balance RMB	Increase for the period RMB	Decrease for the period RMB	Closing balance RMB	
Estimated concrete loss	33,029,889.08	6,354,892.64	(3,002,610.32)	36,382,171.40	Note

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Non-current Liabilities due within one year

	30 June 2012	31 December 2011
	RMB	RMB
Long-term loans due within one year	5,104,299,049.24	3,604,124,049.24

Long-term loans due within one year are as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Mortgaged loans (note 1)	1,252,779,049.24	397,704,049.24
Guaranteed loans (note 2)	1,336,520,000.00	1,506,420,000.00
Credit loans	2,515,000,000.00	1,700,000,000.00
	5,104,299,049.24	3,604,124,049.24

Note 1: Collaterals and their value for mortgaged loans of the Group as at 30 June 2012 are detailed in note V.21.

Note 2: As at 30 June 2012, included in the guaranteed loans balances of RMB595,600,000.00 were guaranteed by BBMG Group, while the remaining were guaranteed by the Company and its subsidiaries.

As at 30 June 2012, no extension was made to long-term loans due within one year upon expiry.

As at 30 June 2012, the five highest amounts of long-term loans due within one year were as follows:

Loan unit	Commencement date	Expiry date	Currency	Interest rate (%)	Balance as at 30 June 2012	Balance as at 31 December 2011
Loan 1	28 May 2010	27 May 2013	RMB	4.86	500,000,000.00	-
Loan 2	2 February 2010	7 January 2013	RMB	4.86	500,000,000.00	-
Loan 3	16 September 2009	15 September 2012	RMB	4.86	500,000,000.00	500,000,000.00
Loan 4	29 June 2011	29 June 2013	RMB	6.41	420,000,000.00	-
Loan 5	30 November 2010	29 November 2012	RMB	5.04	420,000,000.00	420,000,000.00
					2,340,000,000.00	920,000,000.00

As at 30 June 2012, there was no long-term loans due with one year defaulted by the Group.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Other current liabilities

	30 June 2012	31 December 2011
	RMB	RMB
Deferred income	51,034,210.30	53,264,436.01
Accrued expenses	2,544,655,091.40	2,491,760,652.95
Accrued construction cost	1,344,862,507.97	1,566,065,339.18
Accrued LAT	1,146,868,791.72	891,452,445.68
Disposal charge for solid waste	22,813,889.97	16,318,059.97
Other accrued expenses	30,109,901.74	17,924,808.12
Others	4,577,079.67	5,490,967.06
	<u>2,600,266,381.37</u>	<u>2,550,516,056.02</u>

Of which, the details of deferred income are as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Government grants related to assets		
Environmental protection projects	21,495,112.49	22,069,317.01
Waste-heat generation project	2,472,275.76	3,730,608.96
Relocation compensation	10,267,893.70	13,217,316.32
Others	2,397,781.00	796,958.72
Government grants related to income		
Research and development funds	14,401,147.35	13,450,235.00
	<u>51,034,210.30</u>	<u>53,264,436.01</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term loans

	30 June 2012	31 December 2011
	RMB	RMB
Mortgaged loans (note 1)	1,338,637,451.30	1,956,837,451.30
Guaranteed loans (note 2)	2,179,860,000.00	2,121,760,000.00
Credit loans	2,489,000,000.00	3,694,000,000.00
	6,007,497,451.30	7,772,597,451.30

Note 1: As at 30 June 2012 and 31 December 2011, the details and value of collaterals corresponding to our mortgaged loans were set out in note V. 21.

Note 2: As at 30 June 2012, guaranteed loans balances of RMB558,100,000.00 were guaranteed by BBMG Group, while the remaining were guaranteed by the Company and its subsidiaries.

As at 30 June 2012, there were no long-term loans defaulted by the Group (31 December 2011: Nil).

As at 30 June 2012, long-term loans with balances of RMB1,994,000,000.00 were entrusted loans from the Parent (31 December 2011: RMB1,994,000,000.00).

As at 30 June 2012, the five highest long-term loans were as follows:

Loan unit	Commencement date	Maturity date	Currency	Interest rate (%)	Balance as at	Balance as at
					30 June 2012	31 December 2011
					RMB	RMB
Loan 1	31 December 2010	31 December 2015	RMB	6.21	1,150,000,000.00	1,150,000,000.00
Loan 2	3 November 2011	3 November 2013	RMB	6.65	1,096,700,000.00	1,096,700,000.00
Loan 3	3 November 2011	3 November 2013	RMB	6.65	897,300,000.00	897,300,000.00
Loan 4	12 August 2011	11 August 2013	RMB	5.99	400,000,000.00	400,000,000.00
Loan 5	1 August 2011	1 August 2014	RMB	7.22	277,837,451.30	277,837,451.30
					3,821,837,451.30	3,821,837,451.30

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Bonds payable

For the six months ended 30 June 2012

	Opening balance RMB	Increase in the period RMB	Decrease in the period RMB	Closing balance RMB
Corporate bonds	1,887,098,763.98	–	(61,312,679.70)	1,825,786,084.28
Medium-term notes	<u>2,800,000,000.00</u>	<u>71,400,000.00</u>	<u>–</u>	<u>2,871,400,000.00</u>
	<u>4,687,098,763.98</u>	<u>71,400,000.00</u>	<u>(61,312,679.70)</u>	<u>4,697,186,084.28</u>

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 (“BBMG Bond”) in open market, totaling RMB1,900,000,000 at a nominal interest rate of 4.32%.

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

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Bonds payable (continued)

As at 30 June 2012, bonds payable were as follows:

	Par value RMB	Issuance date	Term	Issuance amount RMB	Balance as at the end of the period RMB
2009 BBMG Bond	1,900,000,000.00	27 April 2009	5 years	1,900,000,000.00	1,825,786,084.28
RMB2 billion medium-term notes	2,000,000,000.00	29 September 2010	5 years	2,000,000,000.00	2,046,800,000.00
RMB800 million medium-term notes	800,000,000.00	7 December 2010	5 years	800,000,000.00	824,600,000.00
	<u>4,700,000,000.00</u>			<u>4,700,000,000.00</u>	<u>4,697,186,084.28</u>

	Opening balance of Interests payable RMB	Interest accrued for the period RMB	Interest paid for the period RMB	Closing balance of Interests payable (Note V. 28) RMB
2009 BBMG Bond	54,720,000.00	41,040,000.00	82,080,000.00	13,680,000.00
RMB2 billion medium-term notes	21,900,000.00	46,800,000.00	–	65,700,000.00
RMB800 million medium-term notes	3,250,000.00	24,600,000.00	–	23,400,000.00
	<u>79,870,000.00</u>	<u>112,440,000.00</u>	<u>82,080,000.00</u>	<u>102,780,000.00</u>

36. Long-term payables

	30 June 2012 RMB	31 December 2011 RMB
Provision for supplementary pension subsidies and early retirement benefits for former and retired employees	<u>522,743,491.00</u>	<u>528,129,048.14</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Other non-current liabilities

	30 June 2012	31 December 2011
	RMB	RMB
Deferred income	622,078,303.84	644,601,568.27

Of which, the details of deferred income are as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Government subsidies related to assets		
Environmental protection projects	308,676,538.50	329,501,086.04
Waste-heat generation project	17,948,098.01	18,062,902.69
Relocation compensation	289,926,559.68	292,109,225.16
Others	4,480,172.65	3,586,907.35
Government subsidies related to income		
Research and development funds	1,046,935.00	1,341,447.03
	622,078,303.84	644,601,568.27

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Share capital

For the six months ended 30 June 2012

	Increase/decrease for the period				Closing balance RMB
	Opening balance RMB	Issue of		Subtotal RMB	
		new shares RMB	Others RMB		
I. Shares subject to trading restriction					
1. State-owned legal person shareholdings	2,274,174,625.00	-	(429,322,199.00)	-	1,844,852,426.00
2. Other domestic shareholdings	185,572,000.00	-	(182,620,000.00)	-	2,952,000.00
3. Foreign shareholdings	338,480,000.00	-	(338,480,000.00)	-	-
Total shares subject to trading restriction	2,798,226,625.00	-	(950,422,199.00)	-	1,847,804,426.00
II. Shares not subject to trading restriction					
1. RMB ordinary shares	316,128,000.00	-	950,422,199.00	-	1,266,550,199.00
2. Foreign listed shares	1,169,382,435.00	-	-	-	1,169,382,435.00
Total shares not subject to trading restriction	1,485,510,435.00	-	950,422,199.00	-	2,435,932,634.00
Total share capital	4,283,737,060.00	-	-	-	4,283,737,060.00

Please refer to note I "Basic information" for details of movements in share capital.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Capital reserve

For the six months ended 30 June 2012

	Opening balance RMB	Increase in the period RMB	Decrease in the period RMB	Closing balance RMB
Share premium	4,931,624,856.00	-	(1,527,207.92)	4,930,097,648.08
Other capital reserves	380,247,343.72	-	(73,706.25)	380,173,637.47
	<u>5,311,872,199.72</u>	<u>-</u>	<u>(1,600,914.17)</u>	<u>5,310,271,285.55</u>

40. Surplus reserve

For the six months ended 30 June 2012

	Opening balance RMB	Increase in the period RMB	Decrease in the period RMB	Closing balance RMB
Statutory surplus reserve	340,879,231.86	-	-	340,879,231.86
	<u>340,879,231.86</u>	<u>-</u>	<u>-</u>	<u>340,879,231.86</u>

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

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Retained earnings

	For the six months ended 30 June 2012 RMB
Retained earnings at the beginning of the period	10,217,411,951.85
Net profit attributable to the owners of the Company	1,387,233,578.71
Less: appropriation of statutory surplus reserve	–
Cash dividends declared for ordinary shares (note)	<u>308,429,068.32</u>
Retained earnings at the end of the period	<u>11,296,216,462.24</u>

Note: As considered and approved by the 2011 Annual General Meeting of BBMG Corporation on 24 May 2012, the annual profit distribution for the year 2011 was calculated based on the 4,283,737,060 ordinary shares in issue, with the distribution a final dividend of RMB0.72 per 10 shares (tax included), in an aggregate amount of cash dividends of RMB308,429,068.32.

42. Revenue and cost of sales

Revenue is set out as follows:

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Revenue from principal operations	14,490,724,892.40	12,911,247,655.62
Revenue from other operations	<u>255,234,243.41</u>	<u>166,405,936.50</u>
	<u>14,745,959,135.81</u>	<u>13,077,653,592.12</u>

Cost of sales is set out as follows:

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Cost of principal operations	10,269,209,922.10	9,112,654,170.46
Cost of other operations	<u>128,167,757.75</u>	<u>96,369,232.70</u>
	<u>10,397,377,679.85</u>	<u>9,209,023,403.16</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Revenue and cost of sales (continued)

Revenue and cost of sales of principal operations by segment:

	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
	Revenue RMB	Cost of sales RMB	Revenue RMB	Cost of sales RMB
Cement	5,306,368,130.22	4,241,893,135.55	6,152,850,659.28	4,661,739,229.82
New building materials	2,840,441,645.96	2,299,785,104.08	2,334,820,826.47	1,837,117,888.69
Real estate development	5,540,946,203.63	3,381,302,512.71	3,748,708,212.90	2,349,519,159.61
Property investment and management	802,968,912.59	346,229,169.76	674,867,956.97	264,277,892.34
	<u>14,490,724,892.40</u>	<u>10,269,209,922.10</u>	<u>12,911,247,655.62</u>	<u>9,112,654,170.46</u>

Revenue and cost of sales of principal operations by product:

	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
	Revenue RMB	Cost of sales RMB	Revenue RMB	Cost of sales RMB
Sale of products	7,409,730,522.25	5,959,574,132.70	7,904,187,324.57	6,059,165,698.88
Sale of properties and land Including: Sales of affordable properties	5,540,946,204.00	3,381,302,512.71	3,748,708,212.90	2,349,519,159.61
	1,412,344,233.89	1,182,729,486.13	1,406,585,523.09	1,084,734,332.79
Rental income from investment properties	372,918,503.74	47,905,387.05	333,359,237.99	36,145,015.89
Property management	244,820,279.00	158,212,338.30	209,799,148.90	136,424,850.77
Hotel management	200,203,849.90	108,900,360.54	128,162,541.92	62,514,647.75
Income from construction work	469,951,382.70	470,907,738.40	387,985,821.93	339,899,989.30
Others	252,154,150.81	142,407,452.40	199,045,367.41	128,984,808.26
	<u>14,490,724,892.40</u>	<u>10,269,209,922.10</u>	<u>12,911,247,655.62</u>	<u>9,112,654,170.46</u>

Revenue and cost of sales of principal operations by region:

	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
	Revenue RMB	Cost of sales RMB	Revenue RMB	Cost of sales RMB
North China	13,966,000,631.07	9,874,536,185.62	12,504,043,984.54	8,797,570,967.99
Central China	97,758,416.68	65,197,307.56	47,896,959.33	39,192,653.32
East China	142,625,184.47	116,102,149.63	203,049,538.88	132,283,121.14
South China	25,492,822.78	19,543,439.48	6,796,192.37	5,000,947.21
Northwest China	37,606,115.74	31,371,162.20	7,568,750.10	8,210,980.21
Northeast China	221,241,721.66	162,459,677.61	141,892,230.40	130,395,500.59
	<u>14,490,724,892.40</u>	<u>10,269,209,922.10</u>	<u>12,911,247,655.62</u>	<u>9,112,654,170.46</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Revenue and cost of sales (continued)

Revenue from the top 5 customers for the six months ended 30 June 2012 is as follows:

	Amount RMB	Percentage to the total operating revenue (%)
Customer 1	646,960,339.00	4.39
Customer 2	600,039,753.00	4.07
Customer 3	311,010,542.20	2.11
Customer 4	285,410,400.00	1.93
Customer 5	238,615,235.00	1.62
	<u>2,082,036,269.20</u>	<u>14.12</u>

Revenue from the top 5 customers for the six months ended 30 June 2011 is as follows:

	Amount RMB	Percentage to the total operating revenue (%)
Customer 1	695,385,758.00	5.32
Customer 2	357,098,588.83	2.73
Customer 3	151,515,739.01	1.16
Customer 4	147,891,429.04	1.13
Customer 5	126,713,499.02	0.97
	<u>1,478,605,013.90</u>	<u>11.31</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Revenue and cost of sales (continued)

Revenue is set out as follows:

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Sale of products	7,444,970,597.81	7,929,751,547.19
Sale of properties and land	5,540,946,204.00	3,735,826,466.40
Rental income	484,860,088.22	395,379,843.33
Property management	244,820,279.00	209,799,148.90
Hotel management	200,203,849.90	128,162,541.92
Income from construction work	469,951,382.70	387,985,821.93
Others	360,206,734.18	290,748,222.45
	14,745,959,135.81	13,077,653,592.12

43. Taxes & surcharges

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Business tax	357,916,942.03	258,389,958.98
City maintenance and construction tax	35,963,921.98	33,850,700.37
Education surcharge	27,032,883.82	18,513,090.55
LAT	339,346,482.48	203,780,358.69
Others	4,093,754.32	2,171,997.22
	764,353,984.63	516,706,105.81

See Note III. Taxes for tax base

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Selling expenses

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Remuneration of employees	156,835,996.94	119,404,001.06
Office expenses	41,429,836.37	33,676,821.60
Lease fee	35,256,152.33	31,099,089.17
Agency fee	43,010,792.24	63,104,051.56
Advertisement fee	81,925,455.30	68,860,837.33
Transportation and travelling expenses	167,499,126.95	112,161,747.28
Others	55,908,666.16	43,165,235.48
	581,866,026.29	471,471,783.48

45. General and administrative expenses

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Remuneration of employees	459,873,286.69	432,250,167.14
Office expenses	144,519,076.71	145,822,067.22
Reception expenses	39,899,782.59	34,055,853.02
R&D expenses	23,458,698.91	19,984,421.10
Others	330,442,571.66	290,979,814.51
	998,193,416.56	923,092,322.99

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Financial expenses

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Interest expense	875,802,324.01	530,389,804.05
Less: Interest income	(68,262,705.22)	(19,666,403.07)
Less: capitalized interest	(372,545,123.23)	(184,822,726.06)
Exchange gains and losses	241,569.87	(1,234,363.28)
Commission fees	7,029,779.43	7,517,871.35
Others	28,443,666.79	5,077,064.58
	<u>470,709,511.65</u>	<u>337,261,247.57</u>

The amount of capitalized interest has been included in the balances of construction in progress (Note V.14) and properties under development (Note V.7).

47. Gains from changes in fair value

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Gains from changes in fair value of investment properties	<u>346,744,119.25</u>	<u>419,839,599.88</u>

48. Investments income/(loss)

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Gains from long-term equity investments measured at cost method	17,713,112.51	63,416.40
Gains from long-term equity investments measured at equity method	<u>(37,302,368.64)</u>	<u>(679,175.77)</u>
	<u>(19,589,256.13)</u>	<u>(615,759.37)</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Investment income/(loss) (continued)

Income from long-term equity investments measured at cost method:

Investees	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB	Reasons for increase/decrease
Luquan Rural Cooperative Society of Credit	–	63,416.40	Dividend distribution
Beijing Sifang Logistics Information Technology Service Co., Ltd.	(339,160.12)	–	Equity transfer
Available-for-sale financial assets	27,917.26	–	Disposal
Harbin Taihang Xinglong Cement Co., Ltd.	18,024,355.37	–	Equity transfer
	17,713,112.51	63,416.40	

In respect of the income from long-term equity investments measured at equity method, the top 5 investees in terms of the proportion of their investment income to the Group's total profits are as follows:

Investees	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB	Reasons for increase/decrease
Beijing Dynea Chemical Industry Co., Ltd.	75,890.29	614,546.15	Fluctuations of results
Beijing Gaoqiang Concrete Co., Ltd.	1,019,442.76	913,458.01	Fluctuations of results
Beijing JinyuLandao Commercial Operation and Management Co., Ltd.	464,535.66	457,971.44	Fluctuations of results
Beijing JinshiBaide Technology Co., Ltd.	14,311.69	32,721.87	Fluctuations of results
Owens Corning Compound Materials (Beijing) Co., Ltd.	(1,305,879.00)	2,569,621.37	Fluctuations of results

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2012.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Impairment losses

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Losses on bad debts	(10,263,924.61)	17,692,138.64
Losses on decline in value of inventory	23,183,972.08	141,583.45
Losses on impairment of fixed assets	–	237,738.93
Others	238,103.13	–
	<u>13,158,150.60</u>	<u>18,071,461.02</u>

50. Non-operating income

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Gains from disposal of non-current assets	4,738,873.28	7,046,521.13
Including: Gains from disposal of fixed assets	4,738,873.28	6,905,982.80
Gains from disposal of intangible assets	–	140,538.33
Gains from debt restructuring	28,091,231.50	2,034,001.48
Gains on compensation, penalties and fines	1,528,240.69	1,620,663.41
Government grants	237,653,452.53	298,718,577.32
Unpayable amounts	2,807,862.02	10,630,492.44
Others	23,090,854.68	9,666,580.90
	<u>297,910,514.70</u>	<u>329,716,836.68</u>

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

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Refunds of VAT	169,647,473.00	243,828,096.27
Subsidy	52,675,895.97	52,036,748.07
Revenue from relocation compensation	15,330,083.56	2,853,732.98
	<u>237,653,452.53</u>	<u>298,718,577.32</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Non-operating expenses

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Losses from disposal of non-current assets	11,235,299.81	2,713,503.23
Including: Losses from disposal of fixed assets	11,222,841.87	487,490.78
Losses from debt restructuring	21,942.69	6,696,777.87
Donation	354,792.11	174,634.76
Losses on compensation, penalties and fines	6,959,747.99	9,062,788.93
Others	13,118,050.54	4,699,094.07
	<u>31,689,833.14</u>	<u>23,346,798.86</u>

52. Income tax expenses

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Current tax expenses	491,124,140.00	580,897,850.02
Deferred tax expenses	94,601,988.30	45,709,797.96
	<u>585,726,128.30</u>	<u>626,607,647.98</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Income tax expenses (continued)

A Reconciliation of income tax expenses and total profit is listed as follows:

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Total profit	2,113,675,910.91	2,327,621,146.42
Income tax expenses calculated at statutory tax rate of 25% (Note 1)	528,418,977.73	581,905,286.61
Effect of different tax rates applicable to certain subsidiaries	(10,095,469.04)	(22,739,032.10)
Tax effect of share of profits and losses of jointly-controlled entities and associates	9,325,592.16	169,793.94
Income not subject to tax	(13,676,918.49)	(697,839.45)
Expenses not deductible for tax	14,829,077.63	25,441,776.98
Tax losses utilized from previous years	(1,866,732.65)	(9,463,398.25)
Adjustments in respect of current income tax of previous periods	(2,548,398.21)	–
Effect of deductible temporary difference and tax losses not recognised	61,339,999.17	51,991,060.25
Income tax expense calculated at the Group's effective tax rate	585,726,128.30	626,607,647.98

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 six months ended 30 June 2012 were RMB154,845.19 and RMB920,350.85 respectively (for the six months ended 30 June 2011: RMB425,952.54 and RMB756,919.45 respectively).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Earnings per share

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

The calculation of basic earnings per share is as follows:

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Earnings		
Net profit for the period attributable to the owners of the Company	<u>1,387,233,578.71</u>	<u>1,635,823,872.88</u>
Shares		
Weighted average number of ordinary shares in issue of the Company (note 1)	<u>4,283,737,060.00</u>	<u>4,165,175,743.67</u>

The Company did not have potentially dilutive ordinary shares.

Note 1: In February, 2011, the Company issued 410,404,560 new shares, after which there were 4,283,737,060 ordinary shares in issue of the Company. Consequently, earnings per share for the six months ended 30 June 2011 are calculated based on the adjusted number of shares.

54. Other comprehensive income

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Losses from available-for-sale financial assets	(98,275.00)	(17,126.97)
Less: Income tax effect of available-for-sale financial assets	24,568.75	4,281.74
Exchange differences on translation of foreign operations	<u>(5,278.46)</u>	<u>–</u>
	<u>(78,984.71)</u>	<u>(12,845.23)</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Notes to Items of consolidated cash flow statement

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Cash received relating to other operating activities		
Deposits and relevant amounts received	474,113,339.42	757,047,221.19
Compensation received	68,005,979.53	189,722,273.98
Others	110,187,700.04	70,870,102.58
	652,307,018.99	1,017,639,597.75
	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Cash paid relating to other operating activities		
Bidding deposits of land items and related expenses	41,300,000.00	727,182,278.16
Selling and administrative expenses paid	736,073,710.64	782,755,755.41
Others	25,287,542.52	38,431,490.39
	802,661,253.16	1,548,369,523.96
	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Cash received relating to other financing activities		
Borrowings of a jointly-controlled entity	-	212,865,979.19

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Supplementary information to the consolidated cash flow statement

(1) Supplementary information to the consolidated cash flow statement

Reconciliation of net profit to cash flows from/(used in) operating activities:

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Net profit	1,527,949,782.61	1,701,013,498.44
Add: Provision for impairment of assets	13,158,150.60	18,071,461.02
Depreciation of fixed assets	509,581,292.30	479,981,253.85
Amortisation of intangible assets	38,557,168.11	39,488,949.44
Amortisation of long term deferred expenses	9,247,347.39	8,377,550.04
Losses/(Gains) from disposal of fixed assets, intangible assets and other long-term assets	6,496,426.53	(4,333,017.90)
Gains from changes in fair value	(346,744,119.25)	(419,839,599.88)
Finance expenses	503,257,200.78	345,567,077.99
Investment losses	19,589,256.13	615,759.37
Increase in deferred tax assets	(6,408,167.99)	(107,513,392.94)
Increase in deferred tax liabilities	100,700,452.37	239,114,492.54
Increase in inventories	(1,105,150,929.73)	(2,227,040,863.85)
Increase in operating receivables	(11,578,295.72)	(3,118,923,546.19)
Increase/(Decrease) in operating payables	(433,518,688.65)	1,060,438,342.97
Net cash flows from/(used in) operating activities	<u>825,136,875.48</u>	<u>(1,984,982,035.10)</u>
Material financing activities not involving cash: Non-monetary capital injection of non-controlling shareholders	<u>98,326,310.80</u>	<u>69,805,000.00</u>
Net movements in cash and cash equivalents:		
Closing balances of cash and cash equivalents	4,352,760,083.62	4,968,687,913.93
Less: Opening balances of cash and cash equivalents	<u>5,126,471,371.39</u>	<u>5,030,591,724.13</u>
Net increase in cash and cash equivalents	<u>(773,711,287.77)</u>	<u>(61,903,810.20)</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Supplementary information to the consolidated cash flow statement (continued)

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

Information on acquisition of subsidiaries and other operating units

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Price of acquisition of subsidiaries and other operating units	–	1,445,816,637.71
Cash and cash equivalents paid for acquisition of subsidiaries and other operating units	–	651,510,837.71
Less: acquisition of cash and cash equivalents held by subsidiaries and other operating units:	–	103,858,268.37
Net cash paid for acquisition of subsidiaries and other operating units	–	547,652,569.34
Acquisition of net assets of subsidiaries	–	1,490,674,320.95
Current assets	–	249,944,289.42
Non-current assets	–	1,660,149,313.25
Current liabilities	–	213,843,212.93
Non-current liabilities	–	205,576,068.79

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Supplementary information to the consolidated cash flow statement (continued)

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

Information on disposal of subsidiaries and other operating units

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Price of disposal of subsidiaries and other operating units	<u>8,194,200.00</u>	–
Cash and cash equivalents received from disposal of subsidiaries and other operating units	<u>8,194,200.00</u>	–
Less: disposal of cash and cash equivalents held by subsidiaries and other operating units	<u>29,210.69</u>	–
Net cash received from disposal of subsidiaries and other operating units	<u>8,164,989.31</u>	–
Disposal of net assets of subsidiaries	<u>(10,221,031.39)</u>	–
Current assets	20,210,673.56	–
Non-current assets	65,776,771.21	–
Current liabilities	96,208,476.16	–

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Supplementary information to the consolidated cash flow statement (continued)

(3) Cash and cash equivalents

	For the six months ended 30 June 2012 RMB	For the six months ended 30 June 2011 RMB
Cash	4,352,760,083.62	4,968,687,913.93
Including: cash on hand	4,814,657.19	3,933,266.56
Bank deposits on demand	4,346,016,446.01	4,830,767,419.63
Other demand monetary fund	1,928,980.42	133,987,227.74
Cash equivalents	–	–
Including: bond investment due within three months	–	–
Closing balance of cash and cash equivalents	<u>4,352,760,083.62</u>	<u>4,968,687,913.93</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company

Type of company	Place of registration	Legal representative	Nature of Business	Registered capital RMB ten thousand	Proportion of shareholding (%)	Proportion of votes (%)	Organization code
BBMG Group limited liability company	Beijing	Jiang Weiping	building materials manufacturing	91,076	43.07	43.07	10113006-6

The parent and ultimate holding company of the Company is BBMG Group Company Limited.

2. Subsidiaries

For details on the subsidiaries, please refer to Note IV. Scope of consolidation of the combined financial statements.

3. Jointly-controlled entities and associates

For details on the Jointly-controlled entities and associates, please refer to Note V. 10.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

4. Other related parties

Names of other related parties	Relationship with related parties	Code of organization
Beijing Building Materials Sales Center (北京市建築材料銷售中心)	Under common control of the parent company	10116478-4
Beijing Jinhaiyan Glass Wool Co., Ltd. (北京金海燕玻璃棉有限公司)	Under common control of the parent company	60003640-2
Beijing Pinggu No. 2 Cement Plant Co., Ltd. (北京市平谷區水泥二廠有限公司)	Under common control of the parent company	10291899-8
BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司)	Under common control of the parent company	66840416-0
BBMG Jianmao Property Management Center (北京金隅建貿物業管理中心)	Under common control of the parent company	10161139-6
Beijing Jianda Property Development Co., Ltd. (北京建達物業發展有限公司)	Under common control of the parent company	10177528-6
Beijing New Building Materials Supply Co., Ltd. (北京市新型建築材料供應公司)	Under common control of the parent company	10113039-X
Beijing Cement Supply Company (北京市水泥供應公司)	Under common control of the parent company	10161271-9
Beijing Beijia Longshan Holiday Resort (北京北家龍山渡假村)	Under common control of the parent company	80265552-7
Zhuhai SEZ Yale Industrial Company (珠海經濟特區雅樂實業公司)	Under common control of the parent company	19252930-3
Beijing Fumin House Co., Ltd. (北京富民住房有限公司)	Under common control of the parent company	10219626-X
Beijing Jiaye Xincheng Labor Force-dispatching Co., Ltd. (北京嘉業新城勞務派遣有限公司)	Under common control of the parent company	68289927-8
Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司)	Under common control of the parent company	10189622-1
Beijing Building Materials Group Corporation Industrial & Commerce Development Co., Ltd. (北京建築材料集團總公司實業發展公司)	Under common control of the parent company	10121880-X
Beijing Guanghua Woodworking Factory (北京市光華木材廠)	Under common control of the parent company	10110042-2

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

4. Other related parties *(continued)*

Names of other related parties	Relationship with related parties	Code of organization
Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司)	Under common control of the parent company	10110161-X
Beijing Chaoyang New City Property Management Co., Ltd. (北京潮陽新城物業管理有限公司)	Under common control of the parent company	75330262-8
Beijing Saiyi Color Board Profile Co., Ltd. (北京賽易彩板型材有限責任公司)	Under common control of the parent company	80242503-5
Beijing Quality Inspection & Supervision Station of Plumbing Hardware (北京市建築五金水暖產品質量監督檢驗站)	Under common control of the parent company	40071127-4
Beijing Quality Inspection & Supervision Station of Wood Furniture (北京市木材家具質量監督檢驗站)	Under common control of the parent company	E0005230-4
Beijing Longfengshan Sands and Stone Factory (北京市龍鳳山砂石廠)	Under common control of the parent company	10262614-3
Beijing Jinxiangzhicheng Management Consulting Co., Ltd. (北京金翔智誠管理諮詢有限公司)	Under common control of the parent company	78864922-6
Beijing Dongjiao Woodworking Factory (北京市東郊木材廠)	Under common control of the parent company	10173583-1
Beijing Hazardous Waste Materials Treatment Centre (北京市危險廢物處置中心)	Under common control of the parent company	70012505-8
Beijing Building Materials Industry Metrological Supervision Institute (北京市建築材料工業計量管理所)	Under common control of the parent company	40071032-7
Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司)	Under common control of the parent company	10113474-5
Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution (北京市建材鍋爐壓力容器檢驗所)	Under common control of the parent company	40070985-2
Beijing No. 54 Occupational Skill Testing Institution (北京市第五十四職業技能鑒定所)	Under common control of the parent company	40071158-1

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)***4. Other related parties** *(continued)*

Names of other related parties	Relationship with related parties	Code of organization
Handan Hanni Building Materials Co., Ltd. (邯鄲邯泥建材有限公司)	Under common control of the parent company	67469504-8
BBMG Properties Limited (北京金隅置業有限公司)	Under common control of the parent company	67425108-4
BBMG Sports Culture Co., Ltd. (金隅京體(北京)體育文化有限公司)	Under common control of the parent company	67962969-9
Beijing Jinyu Scien-tech School (北京金隅科技學校)	Under common control of the parent company	40070953-7
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee (中國共產黨北京建築材料集團 總公司委員會黨校)	Under common control of the parent company	40070955-3
Beijing Dacheng Real Estate Development Co., Ltd. (北京大成房地產開發有限責任公司)	Under common control of the parent company	10139366-7
Beijing Dacheng Anjia Property Management Center (北京市大成安嘉物業管理中心)	Under common control of the parent company	79671299-3
Beijing Chengrong Real Estate Development Co., Ltd. (北京成榮房地產發展有限公司)	Under common control of the parent company	60001883-7

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties

(1) Transactions concerning goods and services with related parties

	Type of goods or services	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
		Amount RMB	Percentage (%)	Amount RMB	Percentage (%)
Purchase of goods and receipt of services from related parties					
Transactions with joint ventures and associates					
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	Purchase of raw materials	51,100.00	–	2,823,903.30	0.03
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	Purchase of mineral wool	124,543.86	–	2,288,742.98	0.02
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	Purchase of raw materials	1,221,250.10	0.01	–	–
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	Purchase of goods	197,150.20	–	–	–
		1,594,044.16	0.01	5,112,646.28	0.05
Transactions with other related parties					
Beijing Pinggu No. 2 Cement Plant Co., Ltd. (北京市平谷區水泥二廠有限公司)	Purchase of cement	–	–	12,156,058.55	0.13
BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司)	Purchase of limestone	520,030.35	0.01	5,119,494.61	0.06
Beijing Building Materials Sales Center (北京市建築材料銷售中心)	Purchase of goods	604,387.49	0.01	–	–
Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司)	Purchase of raw materials	54,361.80	–	109,815.23	–
Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution (北京市建材鍋爐壓力容器檢驗所)	Testing service	43,189.00	–	562,779.00	0.01
Beijing Building Materials Industry Metrological Supervision Institute (北京市建築材料工業計量管理所)	Testing service	18,410.00	–	150,984.00	–

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(1) Transactions concerning goods and services with related parties *(continued)*

	Type of goods or services	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
		Amount RMB	Percentage (%)	Amount RMB	Percentage (%)
Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司)	Labor services	713,681.50	0.01	3,124,800.00	0.03
Beijing Longfengshan Sands and Stone Factory (北京市龍鳳山砂石廠)	Labor services	305,000.00	-	20,000.00	-
Beijing Jiaye Xincheng Labor Force-dispatching Co., Ltd. (北京嘉業新城勞務派遣有限公司)	Labor services	26,400.00	-	-	-
Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司)	Labor services	100,000.00	-	-	-
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee (中國共產黨北京建築材料集團總公司委員會黨校)	Labor services	2,890.00	-	-	-
Beijing Building Materials Group Corporation Industrial & Commerce Development Co., Ltd. (北京建築材料集團總公司實業發展公司)	Labor services	57,949.85	-	-	-
Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司)	Labor services	390,621.24	-	-	-
		2,836,921.23	0.03	21,243,931.39	0.23
		4,430,965.39	0.04	26,356,577.67	0.28

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(1) Transactions concerning goods and services with related parties *(continued)*

	Type of goods or services	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
		Amount RMB	Percentage (%)	Amount RMB	Percentage (%)
Sale of goods and render of services to related parties					
Transactions with the parent company					
BBMG Group	Render of services	2,833,372.00	0.02	–	–
BBMG Group	Sale of goods	7,264.96	–	12,307.69	–
		2,840,636.96	0.02	12,307.69	–
Transactions with jointly-controlled entities and associates					
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	Sale of goods, render of services	16,941,165.63	0.11	17,471,947.39	0.13
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	Sale of goods, render of services	496,907.18	–	652,155.14	0.01
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科複合材料(北京)有限公司)	Sale of goods	6,944,975.91	0.05	8,237,901.48	0.06
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	Sale of goods, render of services	–	–	3,535,000.00	0.03
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	Provision of design services	–	–	30,000.00	–
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	Sale of goods	260,473.12	–	–	–
Beijing Gaoqiang Concrete Co., Ltd. (北京高強混凝土有限公司)	Sale of goods	49,364,819.15	0.34	73,580,149.15	0.56
		74,008,340.99	0.50	103,507,153.16	0.79

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. 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)* *Transactions with other related parties*

	Type of goods or services	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
		Amount RMB	Percentage (%)	Amount RMB	Percentage (%)
BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司)	Sale of goods	-	-	806,358.97	0.01
Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司)	Sale of goods	310,190.19	-	-	-
Beijing Pinggu No. 2 Cement Plant Co., Ltd. (北京市平谷區水泥二廠有限公司)	Sale of goods	-	-	6,492,095.30	0.05
Handan Hanni Building Materials Co., Ltd. (邯鄲邯泥建材有限公司)	Sale of goods	-	-	103,042.91	-
BBMG Properties Limited (北京金隅置業有限公司)	Render of services	846,965.00	0.01	488,870.00	-
Beijing Xinyuan Mineral Industry Co., Ltd. (北京新元礦業有限責任公司)	Sale of goods	393,367.87	-	-	-
Beijing Building Materials Sales Center (北京市建築材料銷售中心)	Render of services	-	-	1,053,321.97	0.01
BBMG Sports Culture Co., Ltd. (金隅京體(北京)體育文化有限公司)	Render of services	1,400,000.00	0.01	2,200,000.00	0.02
BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司)	Render of services	19,839.00	-	75,007.00	-
BBMG Jianmao Property Management Center (北京金隅建實物業管理中心)	Render of services	-	-	23,420.00	-
Beijing Pinggu No. 2 Cement Plant Co., Ltd. (北京市平谷區水泥二廠有限公司)	Sales agent	-	-	230,000.00	-
Beijing Hazardous Waste Materials Treatment Centre (北京市危險廢物處置中心)	Render of services	36,997.00	-	-	-
Beijing Quality Inspection & Supervision Station of Wood Furniture (北京市木材家具質量監督檢驗站)	Render of services	150,000.00	-	-	-
Beijing Chengrong Real Estate Development Co., Ltd. (北京成榮房地產發展有限公司)	Render of services	80,976.00	-	-	-
Beijing Jinyu Scien-tech School (北京金隅科技學校)	Render of services	50,000.00	-	-	-
Beijing Dacheng Real Estate Development Co., Ltd. (北京大成房地產開發有限責任公司)	Render of services	159,179.34	-	-	-
		3,447,514.40	0.02	11,472,116.15	0.09
		80,296,492.35	0.54	114,991,577.00	0.88

Purchase or sale of goods and receipt or render of services from/to related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(2) *Entrustment of assets of related parties*

Management of entrusted assets

For the six months ended 30 June 2012

	Note	Type of assets entrusted	Starting Date	Termination date	Income from entrustment recognized during the year
BBMG Group	(2)a	66.67% equity interests of Taihang Huaxin	July 2008	See note	Nil

Note (2)a: BBMG Group held 66.67% equity interest of Hebei Taihang Huaxin Building Materials Co., Ltd ("Taihang Huaxin"). By virtue of an entrustment agreement on the equity interest and the related supplementary agreement of Taihang Huaxin dated 26 July 2008 and 24 May 2008 respectively entered into between the Company and the Parent, the Parent entrusted its holding of the equity interests in Taihang Huaxin to the Company. Thus, the Company has obtained the control over the financial and operational decision-making of Taihang Huaxin. As such, Taihang Huaxin was treated as a subsidiary of the Company from July 2008.

The termination date of entrustment shall be the date falling on the third anniversary from the effective date of the entrustment agreement or upon all or part of target equity interests being obtained by the Company. Subject to fulfillment of relevant laws and regulations and requirements imposed by securities regulatory institutions, unless otherwise notified in writing to the entrusting party by the entrusted Party, the validity of the agreement will be automatically extended for three years or to the completion date of transfer of target equity interests or such other date as agreed by both parties, whichever is earlier.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(3) Leases with related parties

Lease out assets to related parties		Categories of leasing assets	Starting date	Termination date	Pricing Policy of rental income	Rental income	Rental income
Name of the lessor	Name of the Lessee					recognized for the six months ended 30 June 2012	recognized for the six months ended 30 June 2011
						RMB	RMB
BBMG (Dachang) New Building Materials Co., Ltd	STAR-USG Building Materials Co., Ltd.	Building	1 August 2009	30 September 2030	Upon agreement	7,740,898.31	7,253,339.80
Beijing Star Building Materials Co., Ltd.	STAR-USG Building Materials Co., Ltd.	Building	1 July 2010	31 December 2014	Upon agreement	634,795.50	643,795.50
BBMG Corporation	STAR-USG Building Materials Co., Ltd.	Building	20 July 2009	19 July 2012	Upon agreement	9,000.00	312,482.94
Beijing Woodworking Factory Co., Ltd.	Beijing Quality Inspection & Supervision Station of Wood Furniture (北京市木材家具、質量監督檢驗站)	Building	1 January 2011	31 December 2011	Upon agreement	-	99,689.00
Beijing Woodworking Factory Co., Ltd.	Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	Building	1 January 2011	31 December 2012	Upon agreement	3,422,797.92	3,313,750.18
Beijing BBMG Doudian Technology Enterprise Management Co., Ltd	OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科學複合材料(北京)有限公司)	Plant	1 May 2009	19 July 2012	Upon agreement	284,030.02	145,196.68
Beijing Buildings Materials Academy (北京市建築材料科學研究總院)	OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科學複合材料(北京)有限公司)	Plant	1 January 2012	31 December 2013	Upon agreement	484,610.50	-
Beijing Keshi Hardware Co., Ltd. (北京市科實五金有限責任公司)	Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	Building	1 March 2011	29 February 2012	Upon agreement	38,655.60	398,508.32
Beijing Woodworking Factory Co., Ltd. (北京市木材廠有限責任公司)	Beijing Quality Inspection & Supervision Station of Plumbing Hardware (北京市五金水暖產品質量監督檢驗站)	Building	1 January 2012	31 December 2012	Upon agreement	108,554.00	-
Beijing Buildings Materials Academy (北京市建築材料科學研究總院)	Beijing Quality Inspection & Supervision Station of Plumbing Hardware (北京市五金水暖產品質量監督檢驗站)	Building	1 January 2012	31 December 2012	Upon agreement	931,434.00	-
BBMG Hongye Ecological Science and Technology Co., Ltd. (北京金隅宏業生態科技有限公司)	Beijing Dacheng Real Estate Development Co., Ltd. (北京大成房地產開發有限責任公司)	Building	1 July 2012	30 September 2013	Upon agreement	716,000.00	-
Beijing Woodworking Factory Co., Ltd. (北京市木材廠有限責任公司)	Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	Building	1 January 2012	31 December 2012	Upon agreement	43,750.87	-
						14,414,526.72	12,166,762.42

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(3) Leases with related parties *(continued)*

Lease of assets from related parties						Rental income recognized for the six months ended 30 June 2012	Rental income recognized for the six months ended 30 June 2011
Name of the lessor	Name of the Lessee	Categories of leasing assets	Starting date	Termination date	Pricing Policy	RMB	RMB
Beijing Longfengshan Sands and Stone Factory (北京龍鳳山砂石廠)	BBMG Mangrove Environment Protection Technology Co., Ltd. (北京金隅紅樹林環保技術有限責任公司)	Plant	1 January 2011	31 December 2012	Upon agreement	324,576.00	300,000.00
Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司)	BBMG Concrete Co., Ltd. (北京金隅混凝土有限公司)	Building	1 January 2009	31 December 2012	Upon agreement	1,584,997.00	750,000.00
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee (中國共產黨北京建築材料集團總公司委員會黨校)	BBMG Concrete Co., Ltd. (北京金隅混凝土有限公司)	Building	15 October 2008	14 October 2011	Upon agreement	-	485,196.00
BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司)	BBMG Fengshan Hot Spring Resort Co., Ltd. (北京金隅鳳山溫泉度假村有限公司)	Land	1 January 2010	31 December 2029	Upon agreement	-	400,000.00
						1,909,573.00	1,935,196.00

The rentals from the assets leased out to or leased by related parties by the Group are based on the terms of the agreements entered into between the Group and related parties.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Guarantees received from/provided to related parties

Guarantees received from related parties

For the six months ended 30 June 2012

Guarantor	Guaranteed party	Amount guaranteed RMB	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	4,890,000.00	28 March 2011	27 March 2012	Yes
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	7,580,000.00	27 May 2011	26 May 2012	Yes
BBMG Group	Beijing BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	200,000,000.00	29 November 2010	28 November 2012	No
BBMG Group	Beijing BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	220,000,000.00	30 November 2010	29 November 2012	No
BBMG Group	Beijing BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	100,000,000.00	30 November 2010	29 November 2012	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	192,000,000.00	16 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	72,000,000.00	22 December 2009	22 December 2015	No
BBMG Group	Quyang Jinyu Cement Co., Ltd. (曲陽金隅水泥有限公司)	30,400,000.00	24 November 2010	25 December 2015	No
BBMG Group	Quyang Jinyu Cement Co., Ltd. (曲陽金隅水泥有限公司)	267,100,000.00	2 September 2010	25 December 2015	No
BBMG Group	Quyang Jinyu Cement Co., Ltd. (曲陽金隅水泥有限公司)	7,600,000.00	2 March 2011	25 December 2015	No
BBMG Group	Baoding Taihang Heyi Cement Co., Ltd. (保定太行和益水泥有限公司)	80,000,000.00	2 March 2010	1 March 2012	Yes
BBMG Group	BBMG Commercial & Trading Co., Ltd. (北京金隅商貿有限公司)	10,000,000.00	29 September 2011	28 September 2012	No

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Guarantees received from/provided to related parties *(continued)*

Guarantees received from related parties (continued)

For the six months ended 30 June 2011

Guarantor	Guaranteed party	Amount guaranteed RMB	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Group	Beijing BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	150,000,000.00	4 March 2009	3 March 2011	Yes
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	36,000,000.00	4 March 2009	3 March 2011	Yes
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	100,000,000.00	30 April 2010	30 April 2011	Yes
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	40,000,000.00	27 May 2010	27 May 2011	Yes
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	4,896,000.00	24 June 2010	23 June 2011	Yes
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	4,800,000.00	25 June 2010	24 June 2011	Yes
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	7,574,812.17	28 June 2010	27 June 2011	Yes
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	23,729,187.83	20 July 2010	19 July 2011	Yes
BBMG Group	Baoding Taihang Heyi Cement Co., Ltd. (保定太行和益水泥有限公司)	80,000,000.00	2 March 2010	1 March 2012	No
BBMG Group	Beijing Architectural Decoration, Design and Engineering Co., Ltd (北京市建築裝飾設計工程有限公司)	8,300,000.00	1 September 2010	1 September 2011	No
BBMG Group	Beijing BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	220,000,000.00	30 November 2010	29 November 2012	No
BBMG Group	Beijing BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	60,000,000.00	30 November 2010	29 November 2012	No
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	53,000,000.00	29 July 2010	28 July 2011	No
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	36,000,000.00	29 July 2010	28 July 2011	No
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	50,000,000.00	20 August 2010	19 August 2011	No
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	19,000,000.00	25 August 2010	24 August 2011	No
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	30,000,000.00	6 January 2010	5 January 2012	No
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	237,400,000.00	27 July 2010	25 December 2015	No
BBMG Group	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司)	47,500,000.00	28 September 2010	26 December 2015	No
BBMG Group	Quyang Jinyu Cement Co., Ltd. (曲陽金隅水泥有限公司)	30,400,000.00	24 November 2010	25 December 2015	No

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Guarantees received from/provided to related parties *(continued)*

Guarantees received from related parties (continued)

For the six months ended 30 June 2011 *(continued)*

Guarantor	Guaranteed party	Amount guaranteed RMB	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Group	Quyung Jinyu Cement Co., Ltd. (曲陽金隅水泥有限公司)	268,000,000.00	2 September 2010	25 December 2015	No
BBMG Group	Quyung Jinyu Cement Co., Ltd. (曲陽金隅水泥有限公司)	74,600,000.00	24 November 2010	25 December 2015	No
BBMG Group	Quyung Jinyu Cement Co., Ltd. (曲陽金隅水泥有限公司)	9,900,000.00	2 March 2011	25 December 2015	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	7,412,024.01	29 July 2010	28 July 2011	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	1,580,000.00	27 August 2010	26 August 2011	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	4,890,000.00	28 March 2011	27 March 2012	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	30,000,000.00	29 October 2010	29 October 2011	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	30,000,000.00	22 November 2010	22 November 2011	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	30,000,000.00	9 December 2010	9 December 2011	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	30,000,000.00	27 January 2011	26 January 2012	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	10,000,000.00	30 March 2011	30 March 2012	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	7,580,000.00	27 May 2011	26 May 2012	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	18,000,000.00	22 December 2009	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	27,000,000.00	29 December 2009	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	45,000,000.00	1 December 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	28,500,000.00	24 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	48,000,000.00	14 October 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	144,000,000.00	19 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd. (涿鹿金隅水泥有限公司)	19,500,000.00	1 March 2011	22 December 2015	No

The above related parties provided guarantees in respect of borrowings for the Group with nil consideration.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(4) Guarantees received from/provided to related parties *(continued)*

Guarantees provided to related parties

For the six months ended 30 June 2012

Guarantor	Guaranteed party	Amount guaranteed RMB	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Hongye Ecological Science and Technology Co., Ltd. (北京金隅宏業生態科技有限公司)	BBMG Group	800,000,000.00	8 May 2009	23 May 2017	No

For the six months ended 30 June 2011

Guarantor	Guaranteed party	Amount guaranteed RMB	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Hongye Ecological Science and Technology Co., Ltd. (北京金隅宏業生態科技有限公司)	BBMG Group	800,000,000.00	8 May 2009	23 May 2017	No

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(5) Borrowing from/lending to related parties

Lending to related parties

For the six months ended 30 June 2012

	Note	Amount of borrowing and lending RMB	Starting date	Maturity date
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	(5)a	84,654,748.87	July 2010	No fixed date

For the six months ended 30 June 2011

	Note	Amount of borrowing and lending RMB	Starting date	Maturity date
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	(5)a	58,252,047.37	July 2010	No fixed date

Borrowings from related parties

For the six months ended 30 June 2012

	Note	Amount of borrowing and lending RMB	Commencement date	Maturity date
BBMG Group	(5)b	3,350,000,000.00	April 2010	November 2012
BBMG Group	(5)b	1,994,000,000.00	November 2011	November 2013

For the six months ended 30 June 2011

	Note	Amount of borrowing and lending RMB	Commencement date	Maturity date
BBMG Group	(5)b	3,350,000,000.00	April 2010	November 2012
BBMG Vanke Property Development Co., Ltd (北京金隅萬科房地產開發有限公司)	(5)c	722,894,566.78	April 2010	No fixed date

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(5) Borrowing from/lending to related parties *(continued)*

Borrowings from related parties (continued)

Note (5)a: During the term of borrowing, with respect to the short-term borrowings provided by the Company to STAR-USG Building Materials Co., Ltd. by installment, the rate was in line with the benchmark 1-year lending rate issued by People's Bank of China in the corresponding period.

Note (5)b: BBMG Group lent equity funds to the Group through financial institutions by way of entrusted loans. As at 30 June 2012, the balance was RMB5,344,000,000.00 (30 June 2011: RMB3,350,000,000.00). Of which, the Company obtained RMB3.35 billion through Bank of Communication Co., Ltd for liquidity purposes, BBMG GEM Property Development Co., Ltd. obtained RMB1.994 billion through Agricultural Bank of China Limited for construction of affordable housing. The rates of aforesaid loans were in line with the benchmark rates issued by People's Bank of China on the drawdown date for such loan and its credit period for the corresponding ranking and period. For the six months ended 30 June 2012, the interest recognized for the loans were totally RMB172,476,200.00 (for the six months ended 30 June 2011: RMB73,514,083.33).

Note (5)c: During the term of borrowing, with respect to the short-term borrowings provided by BBMG Vanke Property Development Co., Ltd. to BBMG GEM Property Development Co., Ltd. by installment, the rate was in line with the benchmark 1-year lending rate issued by People's Bank of China in the corresponding period. Prior to July 2011, BBMG Vanke Property Development Co., Ltd. was a jointly-controlled entity of the Group, and it became a subsidiary of the Group since July 2011 and was included in the scope of consolidation.

Interest income from lending:

	For the six months ended 30 June 2012	For the six months ended 30 June 2011
	RMB	RMB
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	2,189,170.15	1,295,369.51

Interest expenses from borrowing:

	For the six months ended 30 June 2012	For the six months ended 30 June 2011
	RMB	RMB
BBMG Vanke Property Development Co., Ltd. (北京金隅萬科房地產開發有限公司)	-	16,290,585.46

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(6) *Transfer of assets of related parties*

Acquisitions of equity interest

Project	For the six months ended 30 June 2012		For the six months ended 30 June 2011		
	Amount	Percentage	Amount	Percentage	
	RMB	(%)	RMB	(%)	
BBMG Group	100% equity interest in BBMG Hongye Ecological Science and Technology Co., Ltd.	-	-	852,992,400.00	99.64
BBMG Group	100% equity interest in Beijing Yuandong Jiemei Services Company	-	-	556,900.00	0.06
Beijing Building Materials Sales Center (北京建築材料銷售中心)	67.5% equity interest in Crane (Beijing) Building Materials Co., Ltd.,	-	-	2,563,400.00	0.30

The above acquisitions of equity interests are carried out based on assessed values.

(7) *Other transactions with related parties*

a. Remuneration for key management personnel

	For the six months ended 30 June 2012	For the six months ended 30 June 2011
	RMB	RMB
Remuneration for key management personnel	695,795.00	3,033,293.50

- b.* During the period, BBMG Group continued to entrust the Group's subsidiaries to carry out primary land development for its owned land and paid 12% of development cost of primary land development to the Group upon completion of settlement as entrustment service fees. For the six months ended 30 June 2012, BBMG Group has not paid any entrustment service fees to the Group.

The Group's subsidiary, BBMG Chengyuan Real Estate Development Co., Ltd. (北京金隅程遠房地產開發有限公司) obtained the land use rights of a specific land through open tender, auction and listing. According to the related land compensation agreement, the Group should pay the original owner of the land use right, BBMG Group, a relocation compensation fee of approximately RMB450 million, including the municipal construction fee, relocation settlement fee and construction expenses paid to the third parties by the Group on its behalf. The Group will pay the net amount of balance to BBMG Group after deducting such primary land development costs.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties

	As at 30 June 2012		As at 31 December 2011	
	Book balance	Allowance for bad debt	Book balance	Allowance for bad debt
	RMB	RMB	RMB	RMB
Accounts receivable				
Due from associates				
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	19,716.00	-	68,000.00	-
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土有限責任公司)	79,720,027.43	-	24,092,509.41	-
	79,739,743.43	-	24,160,509.41	-
Due from jointly-controlled entities				
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	7,739,098.30	-	7,495,769.05	-
Due from other related parties				
Beijing Dacheng Real Estate Development Co., Ltd. (北京大成房地產開發有限責任公司)	8,954,442.06	-	9,514,369.38	-
Beijing Building Materials Sales Center (北京市建築材料銷售中心)	-	-	372,283.82	-
BBMG Properties Limited (北京金隅置業有限公司)	166,277.02	49,883.11	-	-
	9,120,719.08	49,883.11	9,886,653.20	-
	96,599,560.81	49,883.11	41,542,931.66	-
Advances to suppliers				
Prepayments to an associate				
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	716,270.58	-	98,442.39	-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

6. Balances of receivables from related parties *(continued)*

	As at 30 June 2012		As at 31 December 2011	
	Book balance	Allowance	Book balance	Allowance
		for bad debt		for bad debt
	RMB	RMB	RMB	RMB
Other receivables				
Due from the parent company				
BBMG Group	-	-	20,806,364.37	-
Due from associates				
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科複合材料(北京)有限公司)	2,301.00	-	76,253.01	-
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	2,871,971.22	-	2,871,971.22	-
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	235,173.09	-	319,946.22	-
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	4,332,439.21	-	3,764,125.38	-
Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司)	200,000.00	-	-	-
	7,641,884.52	-	7,032,295.83	-
Due from a jointly-controlled entity				
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	84,654,748.87	-	58,252,047.37	-
	92,296,633.39	-	86,090,707.57	-
Interests receivable				
Due from a jointly-controlled entity				
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	3,922,269.61	-	1,858,662.81	-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

7. Balances of payables to related parties

	As at 30 June 2012	As at 31 December 2011
	RMB	RMB
Accounts payable		
Due to the parent company		
BBMG Group	1,864,000.00	–
Due to associates		
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	1,358,156.54	946,033.51
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	143,084.81	1,056,012.00
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	56.00	56.00
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	480,838.00	–
	1,982,135.35	2,002,101.51
Due to a jointly-controlled entity		
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	3,479,568.05	3,811,126.63
Due to other related parties		
Beijing Building Materials Group Corporation Industrial & Commerce Development Co., Ltd. (北京建築材料集團總公司實業發展公司)	–	392,271.41
BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司)	–	64,356.07
Beijing Building Materials Industry Metrological Supervision Institute (北京市建築材料工業計量管理所)	–	11,194.00
Beijing Xinyuan Mineral Industry Co., Ltd. (北京新元礦業有限責任公司)	37,073.43	3,385.72
Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司)	–	75,000.00
Beijing Building Materials Sales Center (北京市建築材料銷售中心)	4,529.46	2,253,947.83
	41,602.89	2,800,155.03
	7,367,306.29	8,613,383.17
Advances from customers		
Advance received from a jointly-controlled entity		
BBMG Zhaode Property Development Co., Ltd. (北京金隅昭德置業有限公司)	70,880,444.53	70,880,444.53

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

7. Balances of payables to related parties *(continued)*

	As at 30 June 2012	As at 31 December 2011
	RMB	RMB
Other payables		
Due to the parent company		
BBMG Group	<u>423,089,985.05</u>	–
Due to an associate		
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科寧複合材料(北京)有限公司)	<u>129,200.00</u>	<u>129,200.00</u>
Due to a jointly-controlled entity		
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	<u>480,632.93</u>	–
	<u>423,699,817.98</u>	<u>129,200.00</u>
Entrusted loans from BBMG Group		
Short-term borrowings	<u>3,350,000,000.00</u>	3,350,000,000.00
Long-term borrowings	<u>1,994,000,000.00</u>	<u>1,994,000,000.00</u>
	<u>5,344,000,000.00</u>	<u>5,344,000,000.00</u>

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) included in other receivables, which are interest-bearing, other amounts due from/to related parties are interest-free, unsecured and have no fixed terms of repayment.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

VII. CONTINGENCIES

	As at 30 June 2012	As at 31 December 2011
	RMB	RMB
Contingent liabilities arising from providing guarantees externally	<u>4,596,633,006.20</u>	<u>3,120,640,376.71</u>

Some of the Group's customers purchased the commodity houses developed by the Group by way of mortgages (mortgage loan) provided by the banks. According to the requirements of personal housing mortgage loan, the Group provide joint-liability guarantee by phases for the mortgage loans provided by the banks to the purchasers. The guarantees will be released upon the completion of procedures for house ownership certificate and mortgage registration for real estate by purchasers.

VIII. COMMITMENTS

	As at 30 June 2012	As at 31 December 2011
	RMB	RMB
Acquisition or construction of fixed assets which are contracted but not completed	606,136,198.89	649,549,808.22
Property construction contracts which are contracted and being executed or will be executed	5,459,159,454.00	6,857,714,585.64
Equity investment contract which is contracted and being executed	<u>141,500,000.00</u>	<u>195,000,000.00</u>
	<u>6,206,795,652.89</u>	<u>7,702,264,393.86</u>

IX. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

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

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. 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:

	As at 30 June 2012	As at 31 December 2011
	RMB	RMB
Within 1 year (including 1 year)	757,960,500.37	687,907,366.06
1 to 2 years (including 2 years)	602,211,239.23	514,161,562.82
2 to 3 years (including 3 years)	328,144,612.67	277,710,435.96
Over 3 years	1,249,097,614.35	1,419,037,200.73
	<u>2,937,413,966.62</u>	<u>2,898,816,565.57</u>

Please refer to note V(13) for details of fixed assets leased out 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:

	As at 30 June 2012	As at 31 December 2011
	RMB	RMB
Within 1 year (including 1 year)	42,108,123.74	32,683,950.81
1 to 2 years (including 2 years)	20,067,492.83	20,414,971.75
2 to 3 years (including 3 years)	13,582,238.23	12,971,808.63
Over 3 years	111,956,927.55	82,471,457.12
	<u>187,714,782.35</u>	<u>148,542,188.31</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

2. Assets and liabilities measured at fair value

For the six months ended 30 June 2012

	Amount at beginning of the period	Profit or loss on changes of fair value for the current period	Accumulated fair values included in equity	Provision of impairment for the current period	Amount at end of the period
	RMB	RMB	RMB	RMB	RMB
Available-for-sale financial assets	95,138.56	-	(84,886.56)	-	-
Investment properties	11,599,000,000.00	346,744,119.25	71,824,212.65	-	11,946,000,000.00
	<u>11,599,095,138.56</u>	<u>346,744,119.25</u>	<u>71,739,326.09</u>	<u>-</u>	<u>11,946,000,000.00</u>

3. 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 modern building materials segment engages in the manufacture and sale of building materials and furniture;
- (3) the property development segment engages in real estate development; 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 performance is evaluated based on reportable segment profit, which is a measurement of adjusted profit.

Segment assets exclude deferred tax assets and other unallocated corporate assets, because all such assets are under the unified management of the Group.

Segment liabilities exclude borrowings, deferred tax liabilities and other unallocated corporate liabilities, because all such liabilities are under the unified management of the Group.

Pricing for transfer between operating segments is agreed by both parties to transactions with reference to the fair price adopted in the transaction with third parties.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

3. Segment reporting *(continued)*

Operating segments (continued)

For the six months ended 30 June 2012

	Modern Building		Property	Property	Unallocated	Elimination on		Total
	Cement Segment	Materials Segment	Development Segment	Investment and Management Segment	corporate assets/ liabilities/ expenses	consolidation		
	RMB	RMB	RMB	RMB	RMB	RMB		RMB
Revenues from external transactions	5,415,890,060.11	2,881,676,483.63	5,558,341,764.79	890,050,827.28	-	-		14,745,959,135.81
Revenues from inter-segment transactions	7,238,017.87	179,234,698.55	-	22,774,339.19	-	(209,247,055.61)		-
	5,423,128,077.98	3,060,911,182.18	5,558,341,764.79	912,825,166.47	-	(209,247,055.61)		14,745,959,135.81
Gains/(losses) on investments in associates and jointly-controlled entities	1,019,442.76	(16,569,298.93)	-	(21,752,512.47)	-	-		(37,302,368.64)
Impairment losses from assets	10,661,851.45	14,967,985.82	148,604.09	(12,620,290.76)	-	-		13,158,150.60
Depreciation and amortization charges	409,625,260.84	52,611,113.04	5,989,528.11	89,159,905.81	-	-		557,385,807.80
Total profits	522,390,350.40	183,526,380.12	1,303,995,947.11	625,872,384.18	(326,497,544.12)	(195,611,606.78)		2,113,675,910.91
Income tax expense	131,703,334.51	57,301,455.98	325,422,329.06	114,379,890.70	-	(43,080,881.95)		585,726,128.30
Total assets	23,675,475,098.71	9,442,626,657.40	33,512,314,887.00	47,237,594,558.04	1,654,857,922.43	(36,528,545,018.08)		78,994,324,105.50
Total liabilities	12,169,827,951.46	5,374,129,279.85	26,660,792,881.10	31,727,812,026.10	976,626,777.21	(20,938,781,449.80)		55,970,407,465.92
Other disclosures:								
Long-term equity investment in associates and jointly-controlled entities	20,653,020.00	114,467,226.21	10,000,000.00	262,051,766.84	-	-		407,172,013.05
Increase in other non-current assets (excluding long-term equity investments)	1,444,397,663.79	83,060,716.51	5,376,344.80	90,504,745.08	-	-		1,623,339,470.18

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

3. Segment reporting *(continued)*

Operating segments (continued)

For the six months ended 30 June 2011

	Cement Segment	Modern Building Materials Segment	Property Development Segment	Property Investment and Management Segment	Unallocated corporate assets/ liabilities/ expenses	Elimination on consolidation	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Revenues from external transactions	6,261,484,203.16	2,321,776,371.20	3,745,574,669.14	748,818,348.62	-	-	13,077,653,592.12
Revenues from inter-segment transactions	<u>21,002,777.57</u>	<u>191,425,711.66</u>	<u>201,706,064.29</u>	<u>11,870,572.32</u>	-	<u>(426,005,125.84)</u>	-
	6,282,486,980.73	2,513,202,082.86	3,947,280,733.43	760,688,920.94	-	(426,005,125.84)	13,077,653,592.12
Gains/(losses) on investment in associates and jointly-controlled entities	913,458.01	(8,532,862.00)	9,772,772.20	(2,832,543.98)	-	-	(679,175.77)
Impairment losses from assets	10,813,137.76	7,258,323.26	-	-	-	-	18,071,461.02
Depreciation and amortization charges	408,637,642.11	66,721,175.18	2,123,501.93	50,365,434.11	-	-	527,847,753.33
Total profits	1,153,327,173.39	115,087,090.76	840,918,968.66	642,282,040.72	(269,587,176.57)	(154,406,950.54)	2,327,621,146.42
Income tax expense	267,771,762.38	32,886,811.93	218,165,591.79	131,254,262.24	-	(23,470,780.36)	626,607,647.98

Other information

Geographic information

The major businesses and customers of the Group are located in PRC. The Group's segment revenues from external transactions and major non-current assets are mainly located in PRC.

Information on our major customers

During the six months ended 30 June 2012, none of sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues (2011: Nil).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

4. Financial instruments and their risks

The Group's principal financial instruments comprise bank borrowings, other interest-bearing borrowings, bonds payable and cash and banks. The main purpose of these financial instruments is to raise finance 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.

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	30 June 2012		31 December 2011	
	Loans and receivables	Available-for-sale financial assets	Loans and receivables	Available-for-sale financial assets
	RMB	RMB	RMB	RMB
Cash and bank balances	6,998,480,616.73	-	7,918,479,363.14	-
Bills receivable	762,174,804.79	-	1,347,905,318.65	-
Accounts receivable	4,701,088,408.43	-	3,490,937,470.40	-
Interests receivable	3,922,269.61	-	1,858,662.81	-
Other receivables	2,086,022,849.54	-	2,458,939,025.66	-
Other current assets	989,215,784.47	-	1,012,675,280.06	-
Available-for-sale financial assets	-	-	-	95,138.56
	15,540,904,733.57	-	16,230,795,120.72	95,138.56
			Other financial liabilities as at	Other financial liabilities as at
Financial liabilities			30 June 2012	31 December 2011
			RMB	RMB
Short-term loans		12,405,590,000.00		11,286,861,222.71
Bills payable		418,176,519.92		361,817,226.63
Accounts payable		5,654,922,351.15		5,124,354,120.51
Interests payable		181,886,114.06		121,856,589.77
Dividends payable		361,891,666.77		55,043,247.30
Other payables		3,365,264,635.34		3,475,902,488.80
Non-current liabilities due within one year		5,104,299,049.24		3,604,124,049.24
Long-term loans		6,007,497,451.30		7,772,597,451.30
Bonds payable		4,697,186,084.28		4,687,098,763.98
		38,196,713,872.06		36,489,655,160.24

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

4. Financial instruments and their risks *(continued)*

Credit risk

Credit risk is the risk of financial loss on one party of a financial instrument due to the failure of another party to meet its obligations.

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

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets, other receivables and other current/non-current assets, 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 Notes VI.5 and VII.

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.

Quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables are disclosed in Note V. 4 and 5.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

4. Financial instruments and their risks *(continued)*

Credit risk (continued)

As at 30 June 2012 and 31 December 2011, the aged analysis of financial assets which are not considered as impaired is as follows:

30 June 2012

	Neither past due		Overdue		
	Total	nor impaired	Within 3 months	3 to 6 months	Over 6 months
	RMB	RMB	RMB	RMB	RMB
Accounts receivable	4,446,303,209.30	1,881,830,895.56	1,079,804,061.21	366,112,481.90	1,118,555,770.63
Other receivables	2,086,022,849.54	2,086,022,849.54	-	-	-
Bills receivable	762,174,804.79	762,174,804.79	-	-	-
Interests receivable	3,922,269.61	3,922,269.61	-	-	-
Other current assets	989,215,784.47	989,215,784.47	-	-	-

31 December 2011

	Neither past due		Overdue		
	Total	nor impaired	Within 3 months	3 to 6 months	Over 6 months
	RMB	RMB	RMB	RMB	RMB
Accounts receivable	3,319,307,904.40	1,208,033,333.22	1,345,073,685.34	364,015,065.97	402,185,819.87
Other receivables	2,458,939,025.66	2,458,939,025.66	-	-	-
Bills receivable	1,347,905,318.65	1,347,905,318.65	-	-	-
Interests receivable	1,858,662.81	1,858,662.81	-	-	-
Other current assets	1,012,675,280.06	1,012,675,280.06	-	-	-

As at 30 June 2012, the accounts receivable that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

As at 30 June 2012, 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.

Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities.

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.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

4. Financial instruments and their risks *(continued)*

Liquidity risk (continued)

The Group' objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds payable and other interest-bearing borrowings.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With respect to future capital commitment and other funding requirements, the Group's credit facilities granted by domestic banks amounted to RMB35.170 billion as at 30 June 2012, of which RMB14.003 billion was utilised and RMB21.168 billion was unutilised.

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

As at 30 June 2012

	Within 1 year RMB	1-2 years RMB	2-3 years RMB	Over 3 years RMB	Total RMB
Accounts payable	4,484,029,290.58	577,526,200.50	448,518,560.01	144,848,300.06	5,654,922,351.15
Interests payable	181,886,114.06	-	-	-	181,886,114.06
Dividends payable	361,891,666.77	-	-	-	361,891,666.77
Other payables	2,041,918,837.57	942,931,218.02	72,054,025.72	308,360,554.03	3,365,264,635.34
Bills payable	418,176,519.92	-	-	-	418,176,519.92
Bank borrowings	17,509,889,049.24	3,696,600,000.00	424,337,451.30	2,246,923,144.96	23,877,749,645.50
Bonds payable	216,480,000.00	2,116,480,000.00	134,400,000.00	2,800,000,000.00	5,267,360,000.00
	<u>25,214,271,478.14</u>	<u>7,333,537,418.52</u>	<u>1,079,310,037.03</u>	<u>5,500,131,999.05</u>	<u>39,127,250,932.74</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

4. Financial instruments and their risks *(continued)*

Liquidity risk (continued)

As at 31 December 2011

	Within 1 year RMB	1-2 years RMB	2-3 years RMB	Over 3 years RMB	Total RMB
Accounts payable	4,170,179,825.53	562,097,531.33	276,770,222.96	115,306,540.69	5,124,354,120.51
Interests payable	121,856,589.77	–	–	–	121,856,589.77
Dividends payable	55,043,247.30	–	–	–	55,043,247.30
Other payables	1,890,024,790.66	1,137,145,406.34	112,333,069.02	336,399,222.78	3,475,902,488.80
Bills payable	361,817,226.63	–	–	–	361,817,226.63
Bank borrowings	14,890,985,271.95	5,000,500,000.00	816,337,451.30	2,329,341,452.16	23,037,164,175.41
Bonds payable	216,480,000.00	216,480,000.00	2,116,480,000.00	2,934,400,000.00	5,483,840,000.00
	<u>21,706,386,951.84</u>	<u>6,916,222,937.67</u>	<u>3,321,920,743.28</u>	<u>5,715,447,215.63</u>	<u>37,659,977,848.42</u>

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. It mainly includes interest rate risk, currency risk and other price risk, such as equity investment price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The table below demonstrates the sensitivity analysis of interest rate risk to a reasonably possible change in interest rates, with all other variables held constant, with respect to the effects on net profit (through the impact on floating rate borrowings) and equity.

If interest rate had been increased or decreased by 1 percentage point and all other variables remained unchanged, the Group's total profit for the six months ended 30 June 2012 and the six months ended 30 June 2011 would decrease or increase by approximately RMB163,564,231.48 and RMB74,096,297.10 respectively, and except for retained earnings, it would have no impact on other constituents of the Group's consolidated equity.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

4. Financial instruments and their risks *(continued)*

Liquidity risk (continued)

Currency risk

Currency 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 currency risk to a possible change in exchange rates of Renminbi against United States dollars or Hong Kong dollars, with all other variables held constant, with respect to the effects on total profit and equity for the current period.

	Percentage of appreciation (%)	Total profit	Equity (Note)
		Increase/(decrease) RMB	Increase/(decrease) RMB
Six months ended 30 June 2012	1%	(143,996.09)	-
Six months ended 30 June 2011	1%	(263,125.17)	-

Note: Retained earnings excluded in equity.

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

4. Financial instruments and their risks *(continued)*

Fair value

Set out below are carrying amount and fair value of each category of financial instruments of the Group:

	Carrying amount		Fair value	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	RMB	RMB	RMB	RMB
Financial assets				
Cash and bank balances	6,998,480,616.73	7,918,479,363.14	6,998,480,616.73	7,918,479,363.14
Bill receivable	762,174,804.79	1,347,905,318.65	762,174,804.79	1,347,905,318.65
Accounts receivable	4,701,088,408.43	3,490,937,470.40	4,701,088,408.43	3,490,937,470.40
Interests receivable	3,922,269.61	1,858,662.81	3,922,269.61	1,858,662.81
Other receivables	2,086,022,849.54	2,458,939,025.66	2,086,022,849.54	2,458,939,025.66
Other current assets	989,215,784.47	1,012,675,280.06	989,215,784.47	1,012,675,280.06
Available-for-sale financial assets	-	95,138.56	-	95,138.56
	15,540,904,733.57	16,230,890,259.28	15,540,904,733.57	16,230,890,259.28
Financial liabilities				
Short-term loans	12,405,590,000.00	11,286,861,222.71	12,405,590,000.00	11,286,861,222.71
Bill payable	418,176,519.92	361,817,226.63	418,176,519.92	361,817,226.63
Employee benefits payable	5,654,922,351.15	5,124,354,120.51	5,654,922,351.15	5,124,354,120.51
Interests payable	181,886,114.06	121,856,589.77	181,886,114.06	121,856,589.77
Dividends payable	361,891,666.77	55,043,247.30	361,891,666.77	55,043,247.30
Other payables	3,365,264,635.34	3,475,902,488.80	3,365,264,635.34	3,475,902,488.80
Non-current liabilities due within one year	5,104,299,049.24	3,604,124,049.24	5,104,299,049.24	3,604,124,049.24
Long-term loans	6,007,497,451.30	7,772,597,451.30	5,953,758,514.63	7,666,625,480.11
Bonds payable	4,697,186,084.28	4,687,098,763.98	4,697,186,084.28	4,687,098,763.98
	38,196,713,872.06	36,489,655,160.24	38,142,974,935.39	36,383,683,189.05

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

4. Financial instruments and their risks *(continued)*

Fair value (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair values.

The fair values of cash and bank balances, bill receivable, accounts receivable, interests receivable, other receivables, other current assets, bill payable, accounts payable, interests payable, other payables and similar instruments approximate their carrying amounts due to the short term maturities of these instruments.

The fair values of long and short-term loans, bonds payable, long-term payables and similar instruments are calculated by discounting the estimated future cash flows using rates currently available for other instruments with substantially equivalent terms and characteristics.

The fair values of listed financial instruments are determined based on the quoted market prices.

The Group uses the following hierarchy for fair value measurement:

Level 1: fair values are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date; Level 2: fair values are measured by adjusting quoted prices of similar assets or liabilities from active markets or quoted prices of identical or similar assets or liabilities from non-active markets available on the measurement date; Level 3: fair values are measured based on inputs used by market participants in the valuation of assets or liabilities when there is no available comparable market prices of identical or similar assets.

Financial instruments measured at fair value:

30 June 2012

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Available-for-sale financial assets	—	—	—	—

31 December 2011

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Available-for-sale financial assets	95,138.56	—	—	95,138.56

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

X. OTHER SIGNIFICANT MATTERS *(continued)*

5. Comparative amounts

Some comparative amounts have been restated to conform with the current period's presentation.

6. Supplementary information to the statement of financial position

Net current assets (consolidated)	30 June 2012	31 December 2011
	RMB	RMB
Current assets	45,521,117,218.71	44,897,498,421.07
Less: Current liabilities	<u>41,749,118,523.81</u>	<u>39,470,454,070.38</u>
Net current assets	<u>3,771,998,694.90</u>	<u>5,427,044,350.69</u>
Total assets less current liabilities (consolidated)	30 June 2012	31 December 2011
Total assets	78,994,324,105.50	77,086,227,989.90
Less: Current liabilities	<u>41,749,118,523.81</u>	<u>39,470,454,070.38</u>
Total assets less current liabilities	<u>37,245,205,581.69</u>	<u>37,615,773,919.52</u>
Net current assets (Company)	30 June 2012	31 December 2011
	RMB	RMB
Current assets	16,968,599,025.55	16,293,893,815.17
Less: Current liabilities	<u>19,946,525,075.34</u>	<u>16,911,115,962.90</u>
Net current assets	<u>(2,977,926,049.79)</u>	<u>(617,222,147.73)</u>
Total assets less current liabilities (Company)	30 June 2012	31 December 2011
	RMB	RMB
Total assets	43,144,776,376.90	41,668,941,243.63
Less: Current liabilities	<u>19,946,525,075.34</u>	<u>16,911,115,962.90</u>
Total assets less current liabilities	<u>23,198,251,301.56</u>	<u>24,757,825,280.73</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Other receivables

The ageing analysis of other receivables is as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Within 1 year	13,760,474,349.04	12,044,306,723.69
1 to 2 years	30,326,835.36	66,119,959.59
2 to 3 years	35,894,425.49	-
Over 3 years	5,803,990.61	4,240,000.00
	13,832,499,600.50	12,114,666,683.28
Less: Provision for bad debt of other receivables	(30,001,208.55)	(62,356,964.26)
	13,802,498,391.95	12,052,309,719.02

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

	Six months ended	
	30 June 2012	2011
	RMB	RMB
Opening balance	62,356,964.26	4,240,000.00
Provision/(reversal) for the period	(32,355,755.71)	58,116,964.26
Closing balance	30,001,208.55	62,356,964.26

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

1. Other receivables *(continued)*

	30 June 2012				31 December 2011			
	Book balance		Provision for bad debt		Book balance		Provision for bad debt	
	amount	Proportion	amount	Proportion	amount	Proportion	amount	Proportion
Individually significant and subject to separate provision	42,659,183.06	0.31	20,246,783.06	47.46	72,064,954.99	0.59	52,602,538.77	72.99
Subject to provision by groups								
Within 1 year (inclusive of 1 year)	13,717,815,165.98	99.17	-	-	11,998,291,057.44	99.04	-	-
Over 5 years	4,240,000.00	0.03	4,240,000.00	100.00	4,240,000.00	0.03	4,240,000.00	100.00
	13,722,055,165.98	99.20	4,240,000.00		12,002,531,057.44	99.07	4,240,000.00	
Special credit characteristics group	62,270,825.97	0.45	-	-	34,556,245.36	0.29	-	-
Individually not significant but subject to separate provision for bad debt	5,514,425.49	0.04	5,514,425.49	100.00	5,514,425.49	0.05	5,514,425.49	100.00
	13,832,499,600.50	100.00	30,001,208.55		12,114,666,683.28	100.00	62,356,964.26	

As at 30 June 2012, the top five other receivables were as follows:

	Relationship with the Company	Amount RMB	Age	Proportion in total other receivables (%)
BBMG (Tianjin) Property Development Co., Ltd.	Subsidiary	1,661,167,474.01	Within 1 year	12.01
BBMG (Hangzhou) Property Development Co., Ltd.	Subsidiary	1,513,217,520.64	Within 1 year	10.94
BBMG GEM Real Estate Development Co., Ltd.	Subsidiary	1,228,420,607.92	Within 1 year	8.88
Beijing BBMG Chengyuan Property Development Co., Ltd.	Subsidiary	947,711,109.99	Within 1 year	6.85
Tangshan BBMG Julong Property Development Co., Ltd.	Subsidiary	702,078,031.44	Within 1 year	5.08
		6,052,594,744.00		43.76

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

1. Other receivables *(continued)*

Other receivables included the amounts due from subsidiaries, jointly-controlled entities, associates, BBMG Group and other related parties as follows:

	30 June 2012	31 December 2011
	RMB	RMB
Amounts due from subsidiaries	13,653,499,799.23	11,989,869,402.54
Amounts due from a jointly-controlled entity	81,688,940.00	56,530,540.00
Amounts due from associates	2,871,971.22	2,871,971.22
	<u>13,738,060,710.45</u>	<u>12,049,271,913.76</u>

The above other receivables due from related parties are unsecured and repayable on demand.

There were no other receivables due from shareholders holding 5% or more of the Company's voting rights (31 December 2011: nil).

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Long-term equity investments

Six months ended 30 June 2012

	Investment cost	Opening balance	Increase/(decrease)		Percentage of		Cash dividends for the period
			in the period	Closing balance	Shareholding	voting rights	
	RMB	RMB	RMB	RMB	(%)	(%)	RMB
Cost method:							
Beijing Liulih Cement Co., Ltd.	629,405,052.96	629,405,052.96	-	629,405,052.96	100.00	100.00	-
Beijing BBMG Concrete Co., Ltd.	359,235,910.27	359,235,910.27	-	359,235,910.27	100.00	100.00	-
BBMG Mangrove Environmental Protection							
Technology Co., Ltd.	150,226,600.00	150,226,600.00	-	150,226,600.00	100.00	100.00	-
Yangquan BBMG Tongda Refractory Materials Co., Ltd.	60,000,000.00	60,000,000.00	-	60,000,000.00	100.00	100.00	-
Luquan Dongfang Dingxin Cement Co., Ltd.	1,454,400,000.00	1,454,400,000.00	-	1,454,400,000.00	100.00	100.00	-
Hebei Taihang Huaxin Building Materials Co., Ltd.	60,070,428.44	60,070,428.44	-	60,070,428.44	33.33	33.33	-
Zanhuang BBMG Cement Co., Ltd.	450,000,000.00	450,000,000.00	-	450,000,000.00	100.00	100.00	-
Beijing BBMG Cement Trading Co., Ltd.	50,000,000.00	50,000,000.00	-	50,000,000.00	100.00	100.00	-
Beijing BBMG Cement Energy Saving Technology Co., Ltd.	25,000,000.00	25,000,000.00	-	25,000,000.00	100.00	100.00	-
Zhangjiakou BBMG Cement Co., Ltd.	286,161,805.81	286,161,805.81	-	286,161,805.81	90.00	90.00	-
Tianjin Zhenxing Cement Co., Ltd.	392,950,236.38	392,950,236.38	-	392,950,236.38	60.64	60.64	-
Quyuan BBMG Cement Co., Ltd.	245,747,261.65	245,747,261.65	-	245,747,261.65	90.00	90.00	-
Siping BBMG Cement Co., Ltd.	156,000,000.00	156,000,000.00	-	156,000,000.00	52.00	52.00	-
Shijiazhuang BBMG Xucheng Concrete Co., Ltd.	102,047,000.00	102,047,000.00	-	102,047,000.00	93.00	93.00	-
Lanxian BBMG Cement Co., Ltd.	160,240,000.00	160,240,000.00	-	160,240,000.00	80.00	80.00	-
Qinyang BBMG Cement Co., Ltd.	144,145,100.00	144,145,100.00	-	144,145,100.00	90.00	90.00	-
Zhuolu Yongxing Cement Co., Ltd.	286,677,498.05	286,677,498.05	-	286,677,498.05	100.00	100.00	-
Beijing Tiantan Corporation	114,305,960.36	114,305,960.36	-	114,305,960.36	93.05	93.05	-
Beijing Woodworking Factory Co., Ltd.	54,556,261.16	54,556,261.16	-	54,556,261.16	100.00	100.00	-
Beijing Tongda Refractory Technology Corporation	35,650,000.00	35,650,000.00	-	35,650,000.00	57.00	57.00	-
Beijing Star Building Materials Co., Ltd.	342,450,576.31	342,450,576.31	-	342,450,576.31	100.00	100.00	-
Beijing Modern Building Materials Co., Ltd.	47,946,419.68	47,946,419.68	-	47,946,419.68	100.00	100.00	-
Beijing Xiang Brand Walling Materials Co., Ltd.	39,277,559.44	39,277,559.44	-	39,277,559.44	100.00	100.00	-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Long-term equity investments (continued)

Six months ended 30 June 2012 (continued)

	Investment cost	Opening balance	Increase/(decrease)		Shareholding	Percentage of		Cash dividends
			in the period	Closing balance		voting rights	for the period	
	RMB	RMB	RMB	RMB	(%)	(%)	RMB	
Beijing Xiliu Building Materials Co., Ltd.	100,693,940.92	100,693,940.92	-	100,693,940.92	100.00	100.00	-	
Beijing Architectural Coating Co., Ltd.	24,202,164.44	24,202,164.44	-	24,202,164.44	100.00	100.00	-	
Beijing Building Materials Academy Co., Ltd.	122,467,784.68	122,467,784.68	-	122,467,784.68	100.00	100.00	-	
Beijing Keshi Hardware Co., Ltd.	24,821,267.11	24,821,267.11	-	24,821,267.11	100.00	100.00	-	
Beijing Building Materials Trading Group Co., Ltd.	353,808,000.00	353,808,000.00	-	353,808,000.00	100.00	100.00	-	
Beijing Jiandu Design and Research Institute Co., Ltd.	9,405,299.48	9,405,299.48	-	9,405,299.48	100.00	100.00	-	
BBMG (Dachang) New Building Materials Co., Ltd.	500,000,000.00	500,000,000.00	-	500,000,000.00	100.00	100.00	-	
Beijing Alavus Building Energy Saving Components Co., Ltd.	29,980,669.86	29,980,669.86	-	29,980,669.86	82.00	82.00	-	
BBMG GEM Property Development Co., Ltd.	1,665,138,411.45	1,665,138,411.45	-	1,665,138,411.45	100.00	100.00	-	
BBMG Century City Property Development Co., Ltd.	176,913,769.63	176,913,769.63	-	176,913,769.63	100.00	100.00	-	
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	100.00	100.00	-	
Beijing Gaoling Property Development Co., Ltd.	270,350,138.35	270,350,138.35	-	270,350,138.35	100.00	100.00	-	
BBMG Property Management Co., Ltd.	89,264,530.92	89,264,530.92	-	89,264,530.92	100.00	100.00	-	
BBMG Fengshan Hot Spring Resort Co., Ltd.	202,480,361.57	202,480,361.57	-	202,480,361.57	100.00	100.00	-	
Beijing Jianji Assets Management Co., Ltd.	62,488,240.83	62,488,240.83	-	62,488,240.83	100.00	100.00	-	
Beijing Jinhaiyan Assets Management Co., Ltd.	78,479,818.89	78,479,818.89	-	78,479,818.89	100.00	100.00	-	
BBMG Property Operation Management Co., Ltd.	99,000,000.00	99,000,000.00	-	99,000,000.00	100.00	100.00	-	
Beijing BBMG Dacheng Property Development Co., Ltd.	1,594,735,641.87	1,594,735,641.87	-	1,594,735,641.87	100.00	100.00	-	
Tianjin BBMG Concrete Co., Ltd.	247,454,707.80	247,454,707.80	-	247,454,707.80	59.76	59.76	-	
Beijing BBMG Pinggu Cement Co., Ltd.	150,000,000.00	150,000,000.00	-	150,000,000.00	100.00	100.00	-	
Beijing BBMG Mining Co., Ltd.	5,000,000.00	5,000,000.00	-	5,000,000.00	100.00	100.00	-	
Lingchuan BBMG Cement Co., Ltd.	180,000,000.00	180,000,000.00	-	180,000,000.00	100.00	100.00	-	
Beijing BBMG Coating Co., Ltd.	95,421,200.61	95,421,200.61	-	95,421,200.61	100.00	100.00	-	
Beijing BBMG Commerce and Trade Co., Ltd.	410,000,000.00	160,000,000.00	250,000,000.00	410,000,000.00	100.00	100.00	-	

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

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

Six months ended 30 June 2012 *(continued)*

	Investment cost	Opening balance	Increase/(decrease)		Percentage of		Cash dividends for the period
			in the period	Closing balance	Shareholding	voting rights	
	RMB	RMB	RMB	RMB	(%)	(%)	RMB
Beijing Jinhaiyan Property Management Co., Ltd.	4,133,292.75	4,133,292.75	-	4,133,292.75	100.00	100.00	-
Beijing BBMG Chengyuan Property Development Co., Ltd.	449,307,693.09	449,307,693.09	-	449,307,693.09	100.00	100.00	-
Beijing BBMG Building Decoration and Design Engineering Co., Ltd.	82,429,882.34	82,429,882.34	-	82,429,882.34	100.00	100.00	-
Beijing Cement Plant Co., Ltd.	943,217,800.00	943,217,800.00	-	943,217,800.00	100.00	100.00	-
Beijing Lvduoshangke Science and Technology Co., Ltd.	43,615,552.98	43,615,552.98	-	43,615,552.98	100.00	100.00	-
Beijing BBMG Doudian Technology Enterprise Management Co., Ltd.	52,788,777.09	52,788,777.09	-	52,788,777.09	100.00	100.00	-
Beijing Yanshan Cement Co., Ltd.	32,707,342.45	32,707,342.45	-	32,707,342.45	100.00	100.00	-
Beijing Dacheng Property Management Co., Ltd.	11,198,711.92	11,198,711.92	-	11,198,711.92	100.00	100.00	-
Beijing Taihang Qianjing Cement Co., Ltd.	67,600,000.00	67,600,000.00	-	67,600,000.00	67.00	67.00	-
Harbin Taihang Xinglong Cement Co., Ltd.	-	8,192,227.69	(8,192,227.69)	-	-	-	-
Baoding Taihang Heji Cement Co., Ltd.	120,000,000.00	120,000,000.00	-	120,000,000.00	75.00	75.00	-
Beijing Qianglian Cement Co., Ltd.	-	24,425,880.00	(24,425,880.00)	-	-	-	-
Handan BBMG Taihang Cement Co., Ltd.	719,986,626.30	419,986,626.30	300,000,000.00	719,986,626.30	95.71	95.71	-
Shexian BBMG Cement Co., Ltd.	181,678,700.00	181,678,700.00	-	181,678,700.00	91.00	91.00	-
Beijing Xingfa Cement Co., Ltd.	464,740,918.29	464,740,918.29	-	464,740,918.29	95.70	95.70	-
Beijing BBMG Shunfa Cement Co., Ltd.	110,681,119.42	110,681,119.42	-	110,681,119.42	70.00	70.00	-
Zuoquan BBMG Cement Co., Ltd.	215,300,000.00	215,300,000.00	-	215,300,000.00	100.00	100.00	-
Xuanhua BBMG Cement Co., Ltd.	3,250,000.00	3,250,000.00	-	3,250,000.00	65.00	65.00	-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Long-term equity investments (continued)

Six months ended 30 June 2012 (continued)

	Investment cost	Opening balance	Increase/(decrease)		Percentage of		Cash dividends for the period
			in the period	Closing balance	Shareholding	voting rights	
	RMB	RMB	RMB	RMB	(%)	(%)	RMB
Boai BBMG Cement Co., Ltd.	143,500,000.00	90,000,000.00	53,500,000.00	143,500,000.00	59.34	59.34	-
BBMG Hongye Ecological Science and Technology Co., Ltd.	815,331,413.51	815,331,413.51	-	815,331,413.51	100.00	100.00	-
BBMG Hong Kong Limited	37,137.91	37,137.91	-	37,137.91	100.00	100.00	-
Beijing Municipal Engineering Group Co., Ltd.	7,080,000.00	7,080,000.00	-	7,080,000.00	2.43	2.43	-
Beijing Yadu Science & Technology Co., Ltd.	200,000.00	200,000.00	-	200,000.00	0.20	0.20	-
Chengde BBMG Cement Co., Ltd.	6,328,450.01	6,328,450.01	-	6,328,450.01	12.52	12.52	-
Total under cost method	16,737,293,468.33	16,166,411,576.02	570,881,892.31	16,737,293,468.33			-
Equity method:							
Jointly-controlled entities							
STAR-USG Building Materials Co., Ltd.	184,628,800.88	103,053,260.42	8,119,453.72	111,172,714.14	50.00	50.00	-
Associates							
Krono (Beijing) Flooring Co., Ltd.	36,736,395.34	-	-	-	30.00	30.00	-
Krono (Beijing) Woods Co., Ltd.	152,304,154.86	126,902,065.46	(19,265,062.49)	107,637,002.97	30.00	30.00	-
Zehnder (China) Indoor Climate Co., Ltd.	78,150,006.67	85,379,053.13	(1,257,461.27)	84,121,591.86	26.70	26.70	-
Beijing Dynea Chemical Industry Co., Ltd.	9,921,366.40	12,612,205.61	75,890.29	12,688,095.90	45.00	45.00	-
OCV Reinforcements (Beijing) Co., Ltd.	27,557,054.00	53,441,520.44	(1,305,879.00)	52,135,641.44	20.00	20.00	-
Beijing Gaoqiang Concrete Co., Ltd.	15,723,518.14	19,633,577.24	1,019,442.76	20,653,020.00	25.00	25.00	-
Total of associates	320,392,495.41	297,968,421.88	(20,733,069.71)	277,235,352.17			-
Total under equity method	505,021,296.29	401,021,682.30	(12,613,615.99)	388,408,066.31			-
	17,242,314,764.62	16,567,433,258.32	558,268,276.32	17,125,701,534.64			-

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

3. Revenue and cost of sales

Revenue is as follows:

	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB
Revenue from principal operations	227,104,572.67	166,599,215.84
Revenue from other operations	<u>21,126,823.39</u>	<u>3,027,475.79</u>
	<u>248,231,396.06</u>	<u>169,626,691.63</u>

Cost of sales is as follows:

	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB
Cost of principal operations	49,900,434.52	26,347,305.17
Cost of other operations	<u>1,063,416.38</u>	<u>–</u>
	<u>50,963,850.90</u>	<u>26,347,305.17</u>

Revenue by type is as follows:

	Six months ended 30 June 2012		Six months ended 30 June 2011	
	Revenue RMB	Costs RMB	Revenue RMB	Costs RMB
Rental income	229,354,078.17	50,963,850.90	169,626,691.63	26,347,305.17
Others	<u>18,877,317.89</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>248,231,396.06</u>	<u>50,963,850.90</u>	<u>169,626,691.63</u>	<u>26,347,305.17</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

3. Revenue and cost of sales *(continued)*

Revenue from the five largest customers for the six months ended 30 June 2012 is as follows:

	Amount RMB	Percentage of revenue (%)
Customer 1	8,436,753.99	3.40
Customer 2	6,299,701.70	2.54
Customer 3	5,376,232.44	2.17
Customer 4	3,491,094.40	1.41
Customer 5	3,438,765.50	1.39
	<u>27,042,548.03</u>	<u>10.91</u>

Revenue from the five largest customers for the six months ended 30 June 2011 is as follows:

	Amount RMB	Percentage of revenue (%)
Customer 1	6,322,994.75	3.73
Customer 2	5,376,232.44	3.17
Customer 3	4,321,352.22	2.55
Customer 4	3,223,518.56	1.90
Customer 5	3,046,765.92	1.80
	<u>22,290,863.89</u>	<u>13.15</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

4. Investment income/(loss)

	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB
Income from long-term equity investment under cost method	34,620,497.19	28,333,737.99
Income from long-term equity investment under equity method	(37,781,216.00)	(10,942,641.28)
Including: Income from investments in jointly-controlled entities	(17,048,146.29)	(9,023,555.31)
Income from investments in associates	(20,733,069.71)	(1,919,085.97)
	(3,160,718.81)	17,391,096.71

Long-term equity investment income under cost method:

Investee name	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB	Reason for the change
Beijing Taihang Qianjing Cement Co., Ltd.	33,500,000.00	–	Distribution of dividends
Beijing Xingfa Cement Co., Ltd.	9,809,676.52	–	Distribution of dividends
Harbin Taihang Xinglong Cement Co., Ltd.	1,972.31	–	Transfer of equity
Beijing Qianglian Cement Co., Ltd.	(8,691,151.64)	–	Transfer of equity
Zhangjiakou BBMG Cement Co., Ltd.	–	12,666,591.00	Distribution of dividends
Beijing Tongda Refractory Technology Corporation	–	8,020,206.24	Distribution of dividends
Tianjin Jinzhu Cement Co., Ltd.	–	7,646,940.75	Cancellation of income
	34,620,497.19	28,333,737.99	

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

4. Investment income/(loss) *(continued)*

Long-term equity investment income under equity method:

Investee name	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB	Reason for the change
Beijing Gaoqiang Concrete Co., Ltd.	1,019,442.76	913,458.01	Change in business results
Beijing Dynea Chemical Industry Co., Ltd.	75,890.29	614,546.15	Change in business results
Krono (Beijing) Woods Co., Ltd.	(19,265,062.49)	(5,644,108.12)	Change in business results
OCV Reinforcements (Beijing) Co., Ltd.	(1,305,879.00)	2,569,621.37	Change in business results
Zehnder (China) Indoor Climate Co., Ltd.	(1,257,461.27)	(372,603.38)	Change in business results
STAR-USG Building Materials Co., Ltd.	(17,048,146.29)	(9,023,555.31)	Change in business results
	<u>(37,781,216.00)</u>	<u>(10,942,641.28)</u>	

5. Notes to items of statement of cash flows

	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB
Cash received relating to other operating activities		
Cash received from funding	18,364,784,444.00	17,961,607,815.97
Cash received from repayment of internal borrowings and interests from subsidiaries	1,189,788,165.74	499,468,911.45
Interests income	11,046,540.04	7,048,844.17
Current accounts	44,276,627.16	156,168,251.99
	<u>19,609,895,776.94</u>	<u>18,624,293,823.58</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

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

	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB
Cash paid relating to other operating activities		
Cash expended for subsidiaries	2,150,861,642.12	2,535,756,849.67
Cash paid to subordinate units	17,305,676,145.42	17,638,942,661.41
Inter-group current accounts	93,013,952.11	249,625,841.76
Expenses and costs of the headquarters	159,192,816.06	165,312,308.94
	<u>19,708,744,555.71</u>	<u>20,589,637,661.78</u>
	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB
Cash paid relating to other investment activities		
Issuance expenses on merger of Taihang Cement	<u>–</u>	58,165,082.76
	<u>–</u>	<u>58,165,082.76</u>

Notes to Unaudited Interim Financial Statements

As at 30 June 2012

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

6. Supplemental information to statement of cash flows

(1) Reconciliation of net profit to cash flow from operating activities:

	Six months ended 30 June 2012 RMB	Six months ended 30 June 2011 RMB
Net profit	5,224,682.45	116,518,674.95
Add: Provision for impairment of assets	(32,355,755.71)	5,514,425.49
Depreciation of fixed assets	29,157,433.45	9,823,934.43
Amortisation of intangible assets	7,553,147.43	7,542,161.96
Amortisation of long-term prepaid expenses	-	978,580.65
Loss from disposal of fixed assets, intangible assets and other long-term assets	46,962.75	-
Gain from fair value change	(204,482,857.36)	(329,200,000.00)
Financial expenses	679,683,726.30	456,602,992.43
Investment loss/(gain)	3,160,718.81	(17,391,096.71)
Increase in deferred tax liabilities	64,222,510.26	94,185,497.14
Increase in operating receivables	(1,664,278,191.43)	(1,957,537,097.14)
Increase/(decrease) in operating payables	1,153,144,351.69	(271,226,334.05)
Net cash flow generated from/(used in) operating activities	<u>41,076,728.64</u>	<u>(1,884,188,260.85)</u>

(2) *Cash and equivalents*

	30 June 2012 RMB	30 June 2011 RMB
Cash	1,516,658,121.17	1,948,717,708.49
Including: Cash on hand	81.42	1,469.72
Bank deposits on demand	<u>1,516,658,039.75</u>	<u>1,948,716,238.77</u>
Balance of cash and cash equivalents at end of period	<u>1,516,658,121.17</u>	<u>1,948,717,708.49</u>

Supplementary Notes to Unaudited Interim Financial Statements

I. NON-RECURRING PROFIT AND LOSS ITEMS

1. Summary of non-recurring profit or loss items

	Six months ended 30 June 2012 RMB
Gains/(losses) from disposal of non-current assets	(6,496,426.53)
Government grants recognised through profit and loss (excluding those closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	52,675,895.97
Capital occupancy fee from non-financial enterprises recognised through profit or loss	3,021,982.62
Gains from non-monetary assets transaction	2,148.72
Gains from debt restructuring	28,069,288.81
Losses from disposal of available-for-sale financial assets	(98,275.00)
Reversal of impairment for accounts receivable for which impairment was tested individually	32,355,755.71
Gains from fair value change of investment properties measured at fair value	346,744,119.25
Other non-operating income and expenses other than the above items	<u>17,543,482.96</u>
Total non-recurring profit or loss	<u>473,817,972.51</u>
Impact on income tax	<u>118,454,493.13</u>
Non-recurring profit or loss, net	<u>355,363,479.38</u>
Attributable to the owners of the Company	<u>344,477,333.96</u>
Attributable to non-controlling interests	<u>10,886,145.42</u>

The Group recognised non-recurring profit or loss items in accordance with the Interpretive Pronouncement on Information Disclosure of Publicly Traded Companies No. 1 – Non-recurring Profit or Loss (CSRC Announcement [2008] No. 43).

Supplementary Notes to Unaudited Interim Financial Statements (continued)

I. NON-RECURRING PROFIT AND LOSS ITEMS (continued)

2. Supplemental information to non-recurring profit or loss

	Six months ended 30 June 2012 RMB
<hr/>	
Non-recurring profit or loss in non-operating income:	
Gains from disposal of non-current assets	4,738,873.28
Including: Gains from disposal of fixed assets	4,738,873.28
Gains from debt restructuring	28,091,231.50
Gains from non-monetary assets transaction	2,148.72
Government grants	52,675,895.97
Others	<u>27,424,808.67</u>
	<u>112,932,958.14</u>
Non-recurring profit or loss in non-operating expenses	
Losses from disposal of non-current assets	11,235,299.81
Including: Losses from disposal of fixed assets	11,222,841.87
Losses from disposal of intangible assets	12,457.94
Losses from debt restructuring	21,942.69
Donations	354,792.11
Losses on compensation, penalties and fines	6,959,747.99
Others	<u>2,566,785.61</u>
	<u>21,138,568.21</u>

Supplementary Notes to Unaudited Interim Financial Statements (continued)

II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

Six months ended 30 June 2012

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary equity holders of the Company	6.67	0.32	0.32
Net profit attributable to ordinary equity holders of the Company after deducting non-recurring profit or loss	5.01	0.24	0.24

Six months ended 30 June 2011

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary equity holders of the Company	8.33	0.39	0.39
Net profit attributable to ordinary equity holders of the Company after deducting non-recurring profit or loss	6.52	0.31	0.31

The Company had no potentially dilutive ordinary shares in issue.





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