



**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

2013 Interim Report



\*for identification purposes only



# Contents

2	CORPORATE INFORMATION
5	CHAIRMAN'S STATEMENT
10	MANAGEMENT DISCUSSION AND ANALYSIS
26	OTHER INFORMATION
33	REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS
34	UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET
36	UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT
37	UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
39	UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
41	UNAUDITED INTERIM BALANCE SHEET
43	UNAUDITED INTERIM INCOME STATEMENT
44	UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY
46	UNAUDITED INTERIM STATEMENT OF CASH FLOWS
48	NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
222	SUPPLEMENTARY INFORMATION TO UNAUDITED INTERIM FINANCIAL STATEMENTS

# / CORPORATE INFORMATION

<b>Chinese name of the Company</b>	北京金隅股份有限公司
<b>English name of the Company</b>	BBMG Corporation*
<b>Headquarters</b>	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
<b>Registered office and principal place of business in the PRC</b>	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
<b>Principal place of business in Hong Kong</b>	Room 904, Wah Ying Cheong Central Building 158 – 164 Queen’s Road Central, Hong Kong
<b>Website of the Company</b>	www.bbm.com.cn
<b>Legal representative</b>	Jiang Weiping
<b>The Board</b>	
<i>Executive Directors</i>	Jiang Weiping ( <i>Chairman</i> ) Jiang Deyi ( <i>President</i> ) Shi Xijun Zang Feng Wang Hongjun Wang Shizhong
<i>Non-executive Directors</i>	Yu Shiliang
<i>Independent non-executive Directors</i>	Hu Zhaoguang Zhang Chengfu Xu Yongmo Yip Wai Ming
<b>Supervisors</b>	Liu Yi ( <i>Chairman</i> ) Li Bichi Hu Jingshan Qian Xiaoqiang Zhang Dengfeng Zhang Yifeng Wang Xin
<b>Committees</b>	
<i>Audit Committee</i>	Zhang Chengfu ( <i>Chairman</i> ) Hu Zhaoguang Yu Shiliang Xu Yongmo Yip Wai Ming
<i>Remuneration and Nomination Committee</i>	Hu Zhaoguang ( <i>Chairman</i> ) Yu Shiliang Zhang Chengfu Xu Yongmo Shi Xijun

\* for identification purposes only

## CORPORATE INFORMATION

<i>Strategic Committee</i>	Jiang Weiping ( <i>Chairman</i> ) Jiang Deyi ( <i>Vice Chairman</i> ) Wang Hongjun Hu Zhaoguang Zhang Chengfu Xu Yongmo
<b>Authorised Representatives</b>	Wang Hongjun Lau Fai Lawrence
<b>Board Secretary</b>	Wu Xiangyong
<b>Company Secretary</b>	Lau Fai Lawrence
<b>Listing Information</b>	
<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
<b>Principal bankers</b>	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
<b>Independent auditor</b>	Ernst & Young Hua Ming Certified Public Accountants
<b>Legal advisers</b>	Paul Hastings <i>As to Hong Kong law</i>
	Guantao Law Firm <i>As to PRC law</i>



**Jiang Weiping**  
Chairman

# 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 2013 (the “**Reporting Period**”), and the operating results of the Company during the said period for your review.

## Interim Results

During the Reporting Period, the Company's operating revenue amounted to approximately RMB20,386.6 million, representing a year-on-year increase of approximately 38.3%; net profit attributable to the shareholders of the parent company was approximately RMB1,299.2 million, representing a year-on-year decrease of approximately 6.3%; basic earnings per share was approximately RMB0.30.

## Business Environment

During the Reporting Period, amid the prolonged weakness in the growth of the global economy and uncertain prospects for the recovery from the European economic crisis, the risk for an economic downside remained lingering. China's economic growth slowed down, yet the overall national economy remained steady. Domestic economy achieved progress while maintaining stability. Against the backdrop of the domestic and international economic landscape, the national demand for cement witnessed a slowdown. With increasingly fierce competition in the market, both cement price and cement profit in North China experienced a year-on-year decrease. The overall investment environment in real-estate sector was on the rebound, as demonstrated by the pick-up in the trading volume of urban residential market, rising home prices in major cities, and upward movement in both trading volume and price of land.



## CHAIRMAN'S STATEMENT

### Review

Confronting the complex domestic and global economic landscape, the Board of the Company seized all development opportunities by defining a clear direction for development, formulating development strategies in a scientific manner and fine-tuning the growth path, so as to effectively respond to such challenges. By emphasizing adjustment to the industrial structure and transformation of the development model, the Company stepped up efforts to utilize its leading advantages on multiple fronts such as strategic layout, industrial chain, integrated management and technological innovation. As a result, the Company achieved a stable and healthy growth in its operating 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 achieved steady progress in both economic growth and implementation of strategies and gaining development opportunities while enhancing overall strengths continuously. Capitalizing on the scientific improvement of its “grand-cross shape” (大十字) strategic layout in the target regions and the extended development path in the form of “seismic wave” (地震波), the cement and ready-mixed concrete segment had continuously enhanced its regional comprehensive competitiveness and end-market controlling abilities. Amid challenging market conditions, the property development segment deepened the adjustment to the “two structures” (兩個結構) and the strategy of “accelerating cash flow” (好水快流), adopted innovative methods in land acquisition, and achieved unprecedented success with simultaneous growth in sales results and profitability. The property investment and management segment adhered to the established guideline of “rooted in Beijing and extending the footprint orderly” (立足北京、有序拓展), leading to continuous increase in the rent and occupancy rate of office buildings. In respect of the modern building materials and commerce and logistics segment, the regional “industrial park-based” (園區化) model highlighted its cluster strength, resulting in further strengthening of the profitability in commerce and logistics.



## CHAIRMAN'S STATEMENT

The Company further accelerated its strategic transition based on more scientific development approaches and the overall industrial upgrade of the manufacturing sector. 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 on-going trend of global economic recovery and an overview of the international and domestic economic landscapes, the fundamental factors for economic and social development in the PRC are positive in the long-term. The PRC is at a crucial stage of structural adjustment to resolve the prolonged accumulated discrepancies and issues caused by, among others, undue reliance on investment and excessive output capacity. Upholding the economic policy of "making progress while maintaining stability", the PRC government carried out proactive fiscal policies and prudent monetary policies to gradually push ahead the adjustment of the industrial structure and transformation of the economic growth model. "Industrialization" and "urbanization", as the key points of government policies, have shown huge development potentials and prospects, while the benefits arising from the reforms will further boost economic vitality and bring forth market opportunities for the development of the Company.

In the second half of 2013, the government's prevention and control measures on air pollution will be increasingly tightened up. Faced with a series of measures to raise the standards of energy-saving and environmental protection indicators in the industry, as well as the new energy-saving mechanism that emphasizes both incentives and constraints, the Company will accurately judge and grasp the macro situation and external conditions, and strictly ensure its compliance with the standards of clean production. Confronting the accelerated phasing-out of outdated production capacity in the industry and the formation of a new framework for market competition, the Company will continue to increase investment in science and technology, enhance independent innovation capability, expand into new markets and open up new scopes of business so as to lay a solid foundation for the sustainable development of the Company.

## CHAIRMAN'S STATEMENT

The four major business segments of the Company will continue to take the initiative and play a creative role. The cement and ready-mixed concrete segment will continue to strengthen its regional development bases, with a focus on key enterprises as the basic platform, so as to realize central breakthrough with mutual support and achieve diversified advancement and interactive development. The property development segment will continue to expand its business in core cities in regions where a foothold has been established, enhance its market recognition and brand reputation, and foster our advantage in regional development in a steady and orderly manner. The property investment and management segment will continue to rationally increase the amount and scale of investments in multifaceted properties held for operation with a focus on Beijing through multiple channels, so as to maintain the leading position, as well as enhance service and management standards and market image. With a focus on strengthening the cohesiveness of our “three bases” in industry adjustment and upgrading, the modern building materials and commerce and logistics segment will speed up the rationalization and improvement of the management mechanism to ensure that enterprises in the industrial park can operate efficiently and achieve a substantial growth in economic efficiency.

The Company will continue to elevate standards of internal control, and continuously improve its corporate governance structure featuring coordinated operation, effective implementation and scientific check and balance. The Company will spare no efforts in boosting its independent innovation capacity, and will continue to develop its economic growth drivers. In light of the well-established development concept of “environmental friendly, resource saving, technologically advanced and urban servicing” (環境友好型、資源節約型、技術先進型、城市服務型), the Company will stick to the development principle of “a harmonious integration of economic, social and ecological benefits” (經濟效益、社會效益、生態效益和諧統一), and speed up the transformation process towards green development. The Company will also strengthen the building of the BBMG cultural system (金隅文化體系), making it a cornerstone to preserve the spirit of humanities while we are continuously striving to secure business opportunities and sustainable development amid fierce competition.

## CHAIRMAN'S STATEMENT

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

21 August 2013

# / MANAGEMENT DISCUSSION AND ANALYSIS







## MANAGEMENT DISCUSSION AND ANALYSIS

**Summary of Financial Information**

Unit: RMB million

	For the six months ended 30 June <b>2013</b> <i>(Unaudited)</i>	2012 (Unaudited)	Change
Operating revenue	<b>20,386.6</b>	14,746.0	38.3%
Operating revenue from principal business	<b>20,161.1</b>	14,490.7	39.1%
Gross profit from principal business	<b>4,272.5</b>	4,221.5	1.2%
Gross profit margin from principal business (%)	<b>21.19</b>	29.13	a decrease of 7.94 percentage points
Net profit	<b>1,296.0</b>	1,527.9	-15.2%
Net profit attributable to the shareholders of the parent company	<b>1,299.2</b>	1,387.2	-6.3%
Basic earnings per share (RMB)	<b>0.30</b>	0.32	-6.3%

MANAGEMENT DISCUSSION AND ANALYSIS

	<i>As at 30 June 2013 (Unaudited)</i>	As at 31 December 2012 (Audited)	Change
Cash and bank balances	<b>8,084.4</b>	5,906.1	36.9%
Current assets	<b>52,254.0</b>	47,101.9	10.9%
Current liabilities	<b>46,225.9</b>	43,462.9	6.4%
Net current assets	<b>6,028.2</b>	3,638.9	65.7%
Non-current assets	<b>36,861.8</b>	36,059.9	2.2%
Non-current liabilities	<b>16,124.7</b>	14,674.2	9.9%
Total assets	<b>89,115.8</b>	83,161.8	7.2%
Equity attributable to the shareholders of the parent company	<b>23,875.5</b>	22,903.9	4.2%
Debt ratio (total liabilities to total assets) (%)	<b>69.97%</b>	69.91%	an increase of 0.06 percentage point



## MANAGEMENT DISCUSSION AND ANALYSIS

**Summary of Business Information**

	For the six months ended 30 June		Change
	<i>2013</i>	2012	
<b>Cement and Ready-mixed Concrete Segment</b>			
Sales volume of cement (in million tonnes)	<i>16.4</i>	15.0	9.3%
Sales volume of concrete (in million cubic metres)	<i>5.5</i>	4.1	34.1%
<b>Modern Building Materials and Commerce and Logistics Segment</b>			
Refractory materials (in thousand tonnes)	<i>107.7</i>	112.0	-3.8%
<b>Property Development Segment</b>			
Booked GFA (in thousand sq.m.)	<i>434.9</i>	478.9	-9.2%
Contracted sales GFA (in thousand sq.m.)	<i>952.9</i>	438.1	117.5%
<b>Property Investment and Management Segment</b>			
Gross GFA of investment properties (in thousand sq.m.)	<i>760.8</i>	742.0	2.5%

In the first half of the year, guided by the general principle of “making progress while maintaining stability”, the Central Government focused on enhancing the quality and efficiency of economic growth, and carried on the proactive fiscal policies and prudent monetary policies. By adjusting through reform and developing through adjustment, overall domestic economy achieved growth while maintaining stability. Preliminary audit revealed that in the first half of the year, gross domestic product reached RMB24.8 trillion, representing a year-on-year increase of 7.6% under comparable price. Addressing the challenging and volatile economic environment, the Board adopted a series of concrete and effective measures with great confidence, thoroughly carrying out the task of quality and efficiency improvement, which resulted in a steady enhancement of efficiency and quality.

During the Reporting Period, the Company recorded operating revenue of RMB20,386.6 million, among which operating revenue from principal business amounted to RMB20,161.1 million, representing a year-on-year increase of 39.1%, total profit amounted to RMB1,772.8 million, representing a year-on-year decrease of 18.5%, net profit amounted to RMB1,296.0 million, representing a year-on-year decrease of 15.2%, and net profit attributable to the shareholders of the parent company amounted to RMB1,299.2 million, representing a year-on-year decrease of 6.3%.

## MANAGEMENT DISCUSSION AND ANALYSIS

The four major business segments of the Company, namely cement and ready-mixed concrete, modern building materials and commerce and logistics, property development and property investment and management achieved steady development:

- Operating revenue from the principal business of the cement and ready-mixed concrete segment increased by 3.4% to RMB5,494.7 million, with gross profit from principal business of RMB939.3 million, a decrease of 10.3%;
- Operating revenue from the principal business of the modern building materials and commerce and logistics segment increased by 148.4% to RMB7,481.5 million, with gross profit from principal business of RMB547.7 million, a decrease of 1.0%;
- Operating revenue from the principal business of the property development segment increased by 15.6% to RMB6,437.5 million, with gross profit from principal business of RMB2,218.1 million, an increase of 2.7%; and
- Operating revenue from the principal business of the property investment and management segment increased by 19.0% to RMB937.3 million, with gross profit from principal business of RMB569.5 million, an increase of 22.5%.

### Analysis of the Operation of Business Segments

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

As the “grand-cross shape” (大十字) strategic layout characterized by broad market coverage and complimentary support among industrial clusters and the extended development path in the form of “seismic wave” (地震波) further improved, the Company witnessed continuous enhancement in its overall competitiveness and end-market controlling abilities in strategically targeted areas. The Company also reinforced its market competitiveness and firmed up its development foundation through a series of consolidated measures, including the diversification of marketing approaches to expand market share; the implementation of in-depth internal control to enhance core competence; the advancement in technology to strengthen corporate innovation; and the acceleration of resource reserves accumulation to facilitate sustainable development.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of the year, the cement and ready-mixed concrete segment recorded operating revenue from its principal business of RMB5,494.7 million, a year-on-year increase of 3.4%, with gross profit of RMB939.3 million, a year-on-year decrease of 10.3%. Despite the suspension of production for two months, the consolidated sales volume of cement and clinker amounted to 16.4 million tonnes, a year-on-year increase of 9.3%, among which cement sales volume was 13.6 million tonnes and clinker sales volume was 2.8 million tonnes, while the aggregated gross profit margin for cement and clinker was 17.51%, a year-on-year decrease of 2.64 percentage points. Sales volume of concrete totalled 5.5 million cubic meters, a year-on-year increase of 34.1%, while the gross profit margin for concrete was 13.28%, a year-on-year decrease of 3.57 percentage points.

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

The advantages of concentrated clusters in the block-by-block structure based on the “industrial park-based” (園區化) development pattern became more pronounced, and the planning, construction and operation of the industrial parks became more developed. The turnaround time of the enterprises in the parks and new projects was shortening, resulting in higher profitability. In respect of the commerce and logistics operation, the operating mode oriented by the bulk commodity trading has taken shape, therefore enhancing its profitability.

In the first half of the year, the modern building materials and commerce and logistics segment recorded operating revenue from its principal business of RMB7,481.5 million, a year-on-year increase of 148.4%, while the gross profit amounted to RMB547.7 million, a year-on-year decrease of 1.0%.

### **3. Property Development Segment**

By adhering to the adjustment of “two structures” (兩個結構) and the guideline of “accelerating cash flow” (好水快流), the Company achieved unprecedented success with simultaneous growth in sales results and profitability. Also, the property development segment utilized the accumulated resources to deepen and refine its regional operation, leading to further enhancement in its layout scalability and brand influence. In line with the on-going optimization of the reserve mechanism of land resources, the innovative capabilities of land acquisition was improved as well, leading to a steady development of the segment in spite of the increasingly stringent and tightened regulating policies.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of the year, the property development segment recorded operating revenue from its principal business of RMB6,437.5 million, a year-on-year increase of 15.6%, while the gross profit was RMB2,218.1 million, a year-on-year increase of 2.7%. The booked GFA was 434.9 thousand sq.m, a year-on-year decrease of 9.2%, among which booked GFA of commodity housing amounted to 388.2 thousand sq.m, a year-on-year increase of 50.9%, and booked GFA of affordable housing amounted to 46.7 thousand sq.m, a year-on-year decrease of 79.0%. Aggregated contracted sales area was 952.9 thousand sq.m, a year-on-year increase of 117.5%, among which contracted sales area for commodity housing amounted to 594.5 thousand sq.m, a year-on-year increase of 114.4%, and contracted sales area for affordable housing amounted to 358.4 thousand sq.m, a year-on-year increase of 122.9%. As at the end of the Reporting Period, the Company had a land reserve totaling 4.9 million sq.m.

#### **4. Property Investment and Management Segment**

By proactively adapting to the market trend, each enterprise and project continued to enhance its operation capability, management capability and service quality. Both rent and occupancy rate of office buildings hit record high. To effectively adapt to the changing market, the hotel and leisure sector timely adjusted its marketing strategies and reaped better operating results. Positively influenced by the results of continuous optimization and integration, both the industrial property leasing sector and the community property management sector further enhanced its management capability and service quality.

In the first half of the year, the property investment and management segment recorded operating revenue from its principal business of RMB937.3 million, a year-on-year increase of 19.0%, while gross profit was RMB569.5 million, a year-on-year increase of 22.5%. As at the end of the Reporting Period, the Company had investment properties totaling 760.8 thousand sq.m in the core districts of Beijing.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Investment properties held by the Group as at 30 June 2013**

	Location	Usage	Property Gross Area (thousand sq.m.)	Fair Value (RMB million)	Rental Unit Price (RMB/day)	Average Occupancy Rate	Unit Fair Value (RMB/sq.m.)
Phase 1 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	105.5	2,544.0	9.0	88.6%	24,111.5
Phase 2 of Global Trade Centre	North Third Ring Road, Beijing	Commercial	145.3	2,757.6	6.6	93.8%	18,983.8
Phase 3 of Global Trade Centre (G/F)	North Third Ring Road, Beijing	Retail	61.1	1,006.0	5.4	84.6%	16,469.8
Tengda Plaza	West Second Ring Road, Beijing	Commercial	78.0	1,321.6	6.8	95.8%	16,937.7
Jin Yu Building	West Second Ring Road, Beijing	Commercial	44.0	908.1	8.0	91.1%	20,633.1
Jianda Building and Jiancai Jingmao Building	East Second Ring Road, Beijing	Commercial	47.6	1,039.7	4.2	94.5%	21,853.8
Dacheng International Centre	East Fourth Ring Road, Beijing	Commercial	41.9	539.9	2.6	94.4%	12,890.2
	<b>Sub-total</b>		<b>523.4</b>	<b>10,116.9</b>			<b>19,331.0</b>
Other properties	Beijing Municipality	Commercial and retail	237.4	3,052.9			12,857.1
	<b>Total</b>		<b>760.8</b>	<b>13,169.8</b>			<b>17,310.5</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

**Analysis of Income Statement and Cash Flows Items****1. Gains from changes in fair value of investment properties**

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

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

During the Reporting Period, the gains arising from changes in fair value of investment properties of the Company were RMB320.2 million, accounting for 18.6% of the profit before tax. The gains arising from changes in fair value of investment properties during the Reporting Period were mainly due to an upward adjustment made by the valuer to the fair value of the investment properties held by the Group as a result of the overall rise in rental of commercial properties in the open market in Beijing during the Reporting Period.

**2. Selling expenses, administrative expenses and finance costs**

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

- (1) Selling expenses were RMB680.9 million in the first half of 2013, an increase of RMB99.0 million year-on-year. Such increase was mainly attributable to the increase in labor costs and transportation costs due to business expansion.
- (2) Administrative expenses were RMB1,370.3 million in the first half of 2013, an increase of RMB372.1 million year-on-year. Such increase in administrative expenses was mainly attributable to the increase in labor costs and major repair and maintenance costs.
- (3) Finance costs were RMB442.9 million in the first half of 2013, a decrease of RMB27.8 million year-on-year. Such decrease was mainly attributable to the decrease in average amount and average interest rate of borrowings of the Company during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Cash flows

In the first half of 2013, a net increase of RMB1,126.1 million in cash and cash equivalents was recognised in consolidated financial statements of the Group. Of which, net cash inflow generated from operating activities was RMB406.2 million; net cash outflow generated from investment activities of RMB1,295.3 million; net cash inflow generated from financing activities of RMB2,015.4 million; and the effect of changes in exchange rate on cash and cash equivalents decreased by RMB0.2 million.

### Core Competence Analysis

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

The core competence of the Company is detailed as follows:

1. **Competitive Edge in the Industrial Chain:** The Company developed a core industrial chain in the form of "cement and ready-mixed concrete – modern building materials and commerce and logistics – property development – property investment and management", resulting in a unique development model with all four major business segments incorporated. The overall advantage stands out with prominent inter-segmental synergy.
2. **Competitive Edge in Technology R&D:** The Company continues to enhance its investment in technology R&D to ensure the smooth advancement of each technology innovation project. In respect of technologies, the Company has a sharp edge in the industry which provides the Company with an enduring source of growth. By actively integrating resource of technology innovations, the Company built a brand new technology innovation system of "1+N", a national, provincial and municipal level platform for technology innovation.



## MANAGEMENT DISCUSSION AND ANALYSIS

3. **Competitive Edge in the Development of Circular Economy:** Based on the integration of Beijing, Tianjin and Hebei Province and the objective of developing “people’s Beijing, high-tech Beijing and green Beijing”, the Company is putting more efforts in developing circular economy and low-carbon economy to embark on a sustainable path and provide the market with environment-friendly and energy-saving products. As one of the earliest pilot enterprises, the Company has been advocating the circular economy through the application of cement kiln technology, a proprietary technology of the Company that utilizes the advantage of the cement kiln, to generate power from its residual heat, to dispose of industrial wastes, sludge from sewage treatment plants and hazardous wastes and to control fly ashes from garbage incineration, leading to a coordinated synergy of economic, social and ecological efficiency. The application of the technology also provides cement enterprises with valuable practical experience to transform into environment-friendly enterprises. The Company is the first cement enterprise which received the “China’s Environment Award” (中華環境獎).
  
4. **Competitive Edge in the R&D and Manufacturing of Green Building Materials:** Upholding the sustainable development concept of green building materials and green building, the Company makes full use of the competitive edge in the interaction between building materials manufacturing segment and property development segment and vigorously advocates the green transformation of building materials and property development and acts on the concept of green building by green building materials. The Company has used a large amount of green ready-mixed concrete and aerated concrete which facilitates the development of circular economy in its property development projects. The internal and external walls of aerated concrete developed by the Company can be widely applied to factory, public buildings and industrialized apartments, saving labor costs while integrating the insulating function of external walls, thus extending the life cycle of energy-saving function of walls to be the same with that of the building itself. The Company also developed the insulation system made from energy-saving and heat-preservation A grade fire-resistance inorganic fiber, environment-friendly paint and environment-friendly furniture which has led to a green interior environment that is both comfortable and safe.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### **Liquidity and Financial Resources**

As at 30 June 2013, the Group's consolidated total assets amounted to RMB89,115.8 million, an increase of 7.2% from the beginning of the Reporting Period, which comprises total liabilities of RMB62,350.6 million, minority interests of RMB2,889.7 million and total equity attributable to the shareholders of the parent company of RMB23,875.5 million. The asset quality of the Group was significantly improved; total shareholders' equity amounted to RMB26,765.2 million, an increase of 7.0% from the beginning of the Reporting Period. As at 30 June 2013, the Group's net current assets were RMB6,028.2 million, an increase of RMB2,389.3 million from the beginning of the Reporting Period. Debt ratio (total liabilities to total assets) was 69.97%, an increase of 0.06 percentage point from the beginning of the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2013, the Group's cash and bank balances amounted to RMB8,084.4 million, an increase of RMB2,178.3 million from the beginning of the Reporting Period. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 30 June 2013, the Group's interest-bearing bank borrowings amounted to RMB18,918.9 million (31 December 2012: RMB18,721.4 million) and bore fixed interest rate. Of these borrowings, approximately RMB12,911.9 million interest bearing bank borrowings were due for repayment within one year, a decrease of approximately RMB1,052.4 million from the beginning of the Reporting Period. Approximately RMB6,007.0 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB1,249.9 million from the beginning of the Reporting Period.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facilities. The Company has sufficient capital for its operation. As at 30 June 2013, the Group has no future plans for material investments or capital assets.

## Commitments

	<i>As at 30 June 2013 (Unaudited)</i>	Unit: RMB As at 31 December 2012 (Audited)
Acquisition or construction of fixed assets which is contracted but not completed	<b>418,479,180.51</b>	600,880,577.76
Property development contracts which are contracted and being executed or will be executed	<b>6,715,086,132.93</b>	5,386,341,877.26
Equity investment contract which is contracted and being executed	<b>274,252,044.48</b>	216,500,000.00
	<b>7,407,817,357.92</b>	6,203,722,455.02

The significant commitments made by the Group as at 31 December 2012 have been duly performed as previously undertaken.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Contingencies**

		<i>30 June</i>	Unit: RMB
		<i>2013</i>	31 December
		<i>(Unaudited)</i>	2012
			(Audited)
Provision of guarantee to the parent company	Note 1	<i>800,000,000.00</i>	800,000,000.00
Provision of guarantee to third parties	Note 2	<i>3,041,713,100.77</i>	3,885,136,892.77
		<i>3,841,713,100.77</i>	4,685,136,892.77

*Note 1:* Being the guarantee provided by BBMG Hongye Ecological Science and Technology Co., Ltd., a subsidiary of the Group, to the parent company.

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

**EMPLOYEES**

As at 30 June 2013, the Group had 28,470 employees in total (as at 31 December 2012: 28,753). The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

**FOREIGN EXCHANGE RISK MANAGEMENT**

The Group mainly operates its business in the PRC. During the Reporting Period, sales proceeds and procurement expenses of the Group were mainly denominated in RMB. Most of the Group's financial instruments such as trade and bills receivables, cash and bank balances are denominated in the same currency or a currency that is pegged to the functional currency of the operations to which the transactions are related. Accordingly, it is believed that the Group has minimal foreign currency risks. The Group has not used any forward contract or currency borrowing to hedge its interest rate risks. Fluctuations of the exchange rates of foreign currencies did not constitute any material challenges 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 2013, certain of the Group's bills receivable, inventories, fixed assets and investment properties amounting to approximately RMB5,237.9 million (31 December 2012: RMB6,393.3 million) were pledged to certain banks for securing the loans granted to the Group and the corporate debentures issued by BBMG Group Company Limited and accounted for approximately 5.9% of the total assets of the Group (31 December 2012: 7.7%).

**TREASURY POLICIES**

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

**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 were required to be disclosed.

**SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE**

As at 21 August 2013, the Group did not have any significant event after balance sheet date required to be disclosed.

# / OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDER'S AND OTHER PERSON'S INTERESTS IN SHARES

As at 30 June 2013, 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	HSBC Global Asset Management (Hong Kong) Limited	Directly and Beneficially Owned	82,689,748	7.07	1.93
H Shares	Schroders Plc	Directly and Beneficially Owned	82,275,500	7.03	1.92
H Shares	BlackRock, Inc.	Directly and Beneficially Owned	72,811,813	6.22	1.70
H Shares	Sloane Robinson LLP	Directly and Beneficially Owned	70,497,000	6.03	1.65

## OTHER INFORMATION

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
H Shares	BlackRock, Inc.	Directly and Beneficially Owned	11,000	0.0009	0.0003

Save as disclosed above, as at 30 June 2013, 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 2013, none of the Directors, supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 of the Laws of Hong Kong), that was required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.



## OTHER INFORMATION

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

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

As at 30 June 2013, the Directors were not aware of any issues of the Directors, supervisors and relevant employees not in compliance with the Required Standard during the six months ended 30 June 2013. 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 2013.

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

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 2013, 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 and Corporate Governance Code.

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

## OTHER INFORMATION

**INVESTOR RELATIONS MANAGEMENT**

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the Reporting Period, the Group has been actively maintaining contact with investors and keeping them abreast of the latest industry updates, corporate communications and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. The Board Secretary, Wu Xiangyong, is responsible for the investor relations of the Group with the full support from the Board and the senior management. During the six months ended 30 June 2013, the Group actively participated in various investor relations activities and provided real-time information to investors through its company website.

**1. Investor Forums and Conferences**

During the six months ended 30 June 2013, the Group attended a number of investor forums, roadshows and presentations held by renowned investment and securities firms in the PRC and Hong Kong, and actively organized one-on-one and group meetings with various fund managers and analysts. During the Reporting Period, the Group has met with various analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group.

**2. Ongoing Communications with Shareholders, Investors and Analysts**

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

**3. Results Announcement**

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

## OTHER INFORMATION

### 4. Maintaining Interactive Communications with Media

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

### 5. Timely Dissemination of Latest Corporate Updates

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

## 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

## OTHER INFORMATION

### 2. Financial Calendar

2012 annual results announcement	published on 20 March 2013
2013 first quarterly results announcement	published on 24 April 2013
2013 interim results announcement	published on 21 August 2013
2012 Annual general meeting	21 May 2013
Closure of register of H shares members to determine the eligibility to attend the 2012 annual general meeting	22 April 2013 – 21 May 2013
Financial year end	31 December

### 3. Dividends

2012 final dividends	RMB0.071 per share (or equivalent to HK\$0.0888 per share)
Closure of register of H shares members to determine the eligibility to the 2012 final dividends entitlement	25 May 2013 – 29 May 2013
Payment of 2012 final dividends of H Shares	19 July 2013

For any queries, please contact:

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The People's Republic of China

Investor Relations Department  
Phone: (8610) 6641 7706  
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Email: [ir@bbmg.com.cn](mailto:ir@bbmg.com.cn)  
Company website: [www.bbmg.com.cn](http://www.bbmg.com.cn)

## OTHER INFORMATION

### **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 21 August 2013, the Audit Committee had reviewed the unaudited interim consolidated financial statements for the six months ended 30 June 2013. 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 2013 and recommended their adoption by the Board.

As at 30 June 2013, members of the Audit Committee were Mr Zhang Chengfu (independent non-executive Director), Mr Hu Zhaoguang (independent non-executive Director), Mr Yu Shiliang (non-executive Director), Mr Xu Yongmo (independent 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 (2013) Zhuan Zi No. 60667053\_A177

### 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 2013, 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 (Special General Partnership)

Chinese Certified Public Accountant: **Meng Dong**

Chinese Certified Public Accountant: **Li Wen Peng**

Beijing, the PRC

21 August 2013

## Unaudited Interim Consolidated Balance Sheet

As at 30 June 2013

	Note V	30 June 2013 RMB	31 December 2012 RMB
<b>Assets</b>			
Current assets			
Cash and bank balances	1	<b>8,084,364,849.02</b>	5,906,094,546.45
Bills receivable	2	<b>822,734,787.54</b>	1,028,662,688.14
Accounts receivable	5	<b>5,146,180,829.44</b>	3,991,796,374.16
Advances to suppliers	7	<b>1,163,683,585.68</b>	909,415,140.77
Interests receivable	3	<b>1,382,841.69</b>	1,411,125.80
Dividends receivable	4	–	1,215,425.00
Other receivables	6	<b>2,478,474,609.24</b>	1,899,515,319.31
Inventories	8	<b>33,259,486,830.78</b>	32,286,890,673.48
Other current assets	9	<b>1,297,726,718.17</b>	1,076,877,652.29
Total current assets		<b>52,254,035,051.56</b>	47,101,878,945.40
Non-current assets			
Long-term equity investments	11	<b>386,970,327.53</b>	419,868,370.59
Investment properties	12	<b>13,169,800,000.00</b>	12,840,400,000.00
Fixed assets	13	<b>15,421,085,276.47</b>	15,331,150,630.80
Construction in progress	14	<b>2,528,386,192.33</b>	2,146,494,608.43
Construction materials	15	<b>14,615,331.95</b>	14,281,785.80
Intangible assets	16	<b>3,671,221,376.65</b>	3,600,681,639.16
Goodwill	17	<b>312,051,745.55</b>	312,051,745.55
Long-term deferred expenditures	18	<b>179,794,225.89</b>	189,228,562.12
Deferred income tax assets	19	<b>1,177,847,476.48</b>	1,205,767,342.49
Total non-current assets		<b>36,861,771,952.85</b>	36,059,924,684.94
Total assets		<b>89,115,807,004.41</b>	83,161,803,630.34

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Consolidated Balance Sheet (continued)

As at 30 June 2013

	Note V	30 June 2013 RMB	31 December 2012 RMB
<b>Liabilities and shareholders' equity</b>			
Current Liabilities			
Short-term loans	22	<b>11,250,500,000.00</b>	11,388,286,880.00
Bills payable	23	<b>331,763,985.87</b>	430,004,020.52
Accounts payable	24	<b>7,015,425,497.00</b>	6,569,201,907.77
Receipts in advance	25	<b>15,244,996,344.08</b>	14,206,950,304.93
Wages payable	26	<b>139,198,365.79</b>	153,463,306.96
Tax payable	27	<b>890,191,585.99</b>	1,308,896,782.25
Interest payable	28	<b>276,640,606.13</b>	155,274,711.13
Dividends payable	29	<b>344,002,926.45</b>	43,048,069.19
Other payables	30	<b>2,342,573,279.22</b>	2,483,124,813.60
Short-term financing bonds payable	35	<b>3,000,000,000.00</b>	1,000,000,000.00
Non-current liabilities due within one year	32	<b>1,661,420,000.00</b>	2,576,020,000.00
Other current liabilities	33	<b>3,729,147,636.98</b>	3,148,676,380.69
Total current liabilities		<b>46,225,860,227.51</b>	43,462,947,177.04
Non-current liabilities			
Long-term loans	34	<b>6,006,995,904.61</b>	4,757,051,545.34
Bonds payable	35	<b>6,705,606,060.93</b>	6,692,453,587.34
Long-term payables	36	<b>511,617,093.00</b>	517,416,630.00
Accrued liabilities	31	<b>97,598,890.80</b>	100,077,202.17
Deferred income tax liabilities	19	<b>2,203,569,699.34</b>	1,989,993,217.02
Other non-current liabilities	37	<b>599,329,053.77</b>	617,175,147.70
Total non-current liabilities		<b>16,124,716,702.45</b>	14,674,167,329.57
Total liabilities		<b>62,350,576,929.96</b>	58,137,114,506.61
Equity			
Share Capital	38	<b>4,283,737,060.00</b>	4,283,737,060.00
Capital reserve	39	<b>5,365,481,877.34</b>	5,395,792,993.51
Specialized reserve	40	<b>16,399,633.06</b>	9,552,984.58
Surplus reserve	41	<b>580,552,232.22</b>	580,552,232.22
Retained earnings	42	<b>13,629,451,397.96</b>	12,634,399,124.91
Exchange differences on foreign currency translation		<b>(130,382.81)</b>	(130,112.92)
Equity attributable to the shareholders of the parent company		<b>23,875,491,817.77</b>	22,903,904,282.30
Minority interests		<b>2,889,738,256.68</b>	2,120,784,841.43
Total equity attributable to shareholders		<b>26,765,230,074.45</b>	25,024,689,123.73
Total liabilities and equity attributable to shareholders		<b>89,115,807,004.41</b>	83,161,803,630.34

The financial statements have been signed by:

Legal representative:

**Jiang Weiping**

CFO:

**Wang Hongjun**

Head of the accounting department:

**Hu Juan**

The notes on pages 48 to 221 form an integral part of these financial statements.



## Unaudited Interim Consolidated Income Statement

For the six months ended 30 June 2013

	Note V	For the six months ended 30 June 2013 RMB	For the six months ended 30 June 2012 RMB
Operating revenue	43	<b>20,386,622,839.47</b>	14,745,959,135.81
Less: Operating costs	43	<b>16,013,389,291.34</b>	10,397,377,679.85
Tax and surcharges	44	<b>761,069,018.03</b>	764,353,984.63
Selling expenses	45	<b>680,885,123.98</b>	581,866,026.29
Administrative expenses	46	<b>1,370,281,463.25</b>	998,193,416.56
Finance costs	47	<b>442,895,708.81</b>	470,709,511.65
Asset impairment losses	50	<b>(12,393,172.48)</b>	13,158,150.60
Add: Gains from changes in fair value	48	<b>320,192,740.78</b>	346,744,119.25
Investment losses	49	<b>(23,696,571.08)</b>	(19,589,256.13)
Including: Share of losses of associates and jointly-controlled entities		<b>(23,792,766.12)</b>	(37,302,368.64)
Operating profit		<b>1,426,991,576.24</b>	1,847,455,229.35
Add: Non-operating income	51	<b>309,900,892.74</b>	297,910,514.70
Less: Non-operating expenses	52	<b>14,087,901.77</b>	31,689,833.14
Including: Loss on disposal of non-current assets		<b>4,884,690.18</b>	11,235,299.81
Total profit		<b>1,722,804,567.21</b>	2,113,675,910.91
Less: Income tax expenses	53	<b>426,771,312.14</b>	585,726,128.30
Net profit		<b>1,296,033,255.07</b>	1,527,949,782.61
Net profit attributable to the shareholders of the parent company		<b>1,299,197,604.31</b>	1,387,233,578.71
Minority interests		<b>(3,164,349.24)</b>	140,716,203.90
Earnings per share	54		
Basic earnings per share (RMB/share)		<b>0.30</b>	0.32
Diluted earnings per share (RMB/share)		<b>0.30</b>	0.32
Other comprehensive income	55	<b>2,845,810.12</b>	(78,984.71)
Total comprehensive income		<b>1,298,879,065.19</b>	1,527,870,797.90
Including:			
Total comprehensive income attributable to the shareholders of the parent company		<b>1,302,043,414.43</b>	1,387,154,594.00
Total comprehensive income attributable to minority interests		<b>(3,164,349.24)</b>	140,716,203.90

The financial statements have been signed by:

Legal representative:

**Jiang Weiping**

CFO:

**Wang Hongjun**

Head of the accounting department:

**Hu Juan**

The notes on pages 48 to 221 form an integral part of these financial statements.

# Unaudited Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 (Unaudited)

	Equity attributable to the shareholders of the parent company										Non-controlling interests	Total equity
	Share capital	Capital reserve	Specialized reserve	Surplus reserve	Retained earnings	Exchange differences on translation	Subtotal					
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
1. Balance as at the beginning of the period	4,283,737,060.00	5,395,792,993.51	9,552,984.58	580,552,232.22	12,634,399,124.91	(130,112.92)	22,993,904,282.30	2,120,784,841.43	25,024,689,123.73			
2. Movements during the period												
(1) Net profit	-	-	-	-	1,299,197,604.31	-	1,299,197,604.31	(3,164,349.24)	1,296,033,255.07			
(2) Other comprehensive income	-	2,846,080.01	-	-	-	(269.89)	2,845,810.12	-	2,845,810.12			
Total comprehensive income	-	2,846,080.01	-	-	1,299,197,604.31	(269.89)	1,302,043,414.43	(3,164,349.24)	1,298,879,065.19			
(3) Capital contribution and reduction from shareholders												
1. Capital contribution from non-controlling shareholders	-	(36,602,826.36)	-	-	-	-	(36,602,826.36)	969,064,816.60	932,461,990.24			
2. Acquisition of non-controlling interests in subsidiaries	-	3,445,630.18	-	-	-	-	3,445,630.18	(195,355,630.18)	(191,910,000.00)			
3. Business combination not under common control	-	-	-	-	-	-	-	10,391,671.30	10,391,671.30			
(4) Profit distribution												
1. Dividend to shareholders	-	-	-	-	(304,145,331.26)	-	(304,145,331.26)	(12,772,755.65)	(316,918,086.91)			
(5) Specialized reserve												
1. Appropriated during the period	-	-	14,819,644.88	-	-	-	14,819,644.88	2,753,485.50	17,573,130.38			
2. Paid during the period	-	-	(7,972,996.40)	-	-	-	(7,972,996.40)	(1,963,823.08)	(9,936,819.48)			
3. Balance as at the end of the period	4,283,737,060.00	5,365,481,877.34	16,399,633.06	580,552,232.22	13,629,451,397.96	(130,382.81)	23,875,491,817.77	2,889,738,256.68	26,765,230,074.45			

The financial statements have been signed by:

Legal representative:  
**Jiang Weiping**

CFO:  
**Wang Hongjun**

Head of accounting department:  
**Hu Juan**

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2012 (Unaudited)

	Equity attributable to the shareholders of the parent company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange differences on translation	Subtotal			
	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) Internal transfer of shareholders' equity									
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	-	-	-	(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	

The financial statements have been signed by:

Legal representative:  
**Jiang Weiping**

CFO:  
**Wang Hongjun**

Head of accounting department:  
**Hu Juan**

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Note V	For the six months ended 30 June 2013 RMB	For the six months ended 30 June 2012 RMB
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		<b>20,085,766,881.24</b>	13,568,446,681.24
Refunds of taxes		<b>130,371,756.05</b>	54,777,747.08
Cash received from other operating activities	56	<b>317,223,009.92</b>	652,307,018.99
Subtotal of cash inflows from operating activities		<b>20,533,361,647.21</b>	14,275,531,447.31
Cash paid for goods and services		<b>15,794,259,618.64</b>	9,907,553,108.43
Cash paid to and on behalf of employees		<b>1,318,474,526.65</b>	1,115,756,313.75
Cash paid for all types of taxes		<b>1,728,626,211.57</b>	1,624,423,896.49
Cash paid relating to other operating activities	56	<b>1,285,758,174.12</b>	802,661,253.16
Subtotal of cash outflows from operating activities		<b>20,127,118,530.98</b>	13,450,394,571.83
Net cash flows from operating activities	57(1)	<b>406,243,116.23</b>	825,136,875.48
<b>II. Cash flows from investing activities</b>			
Cash received from redemption of investments		–	49,349.57
Cash received from return on investments		<b>3,992,251.94</b>	1,100,924.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>36,404,591.35</b>	103,977,388.24
Net cash paid for acquisition of subsidiaries and other business entities	57(2)	<b>3,182,755.40</b>	–
Net cash received from disposal of subsidiaries and other business entities	57(2)	<b>8,697,873.99</b>	8,164,989.31
Cash received from other investing activities	56	<b>2,489,834.15</b>	–
Subtotal of cash inflows from investing activities		<b>54,767,306.83</b>	113,292,651.86
Cash paid for acquisition of fixed assets, Intangible assets and other long-term assets		<b>1,350,084,146.84</b>	1,703,478,313.25
Cash paid for acquisition of investments		–	65,967,600.00
Subtotal of cash outflows from investing activities		<b>1,350,084,146.84</b>	1,769,445,913.25
Net cash flows from investing activities		<b>(1,295,316,840.01)</b>	(1,656,153,261.39)

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2013

	Note V	For the six months ended 30 June 2013 RMB	For the six months ended 30 June 2012 RMB
III. Cash flows from financing activities			
Cash received from capital contributions		<b>872,822,100.04</b>	19,650,000.00
Including: Cash received by subsidiaries			
from non-controlling shareholders		<b>872,822,100.04</b>	19,650,000.00
Cash received from borrowings		<b>9,160,866,359.27</b>	8,415,590,000.00
Cash received from issue of bonds		<b>2,000,000,000.00</b>	–
Subtotal of cash inflows from financing activities		<b><u>12,033,688,459.31</u></b>	<u>8,435,240,000.00</u>
Cash repayment for borrowings		<b>8,963,308,880.00</b>	7,561,786,222.71
Cash paid for distribution of dividend or profits and for interest expenses		<b>646,066,339.16</b>	816,052,578.31
Including: Dividends and profits paid by subsidiaries to minority interests		<b>7,254,868.82</b>	18,058,669.55
Cash paid relating to other financing activities		<b>408,872,381.58</b>	–
Subtotal of cash outflows from financing activities		<b><u>10,018,247,600.74</u></b>	<u>8,377,838,801.02</u>
Net cash flows from financing activities		<b><u>2,015,440,858.57</u></b>	<u>57,401,198.98</u>
IV. Effect of changes in exchange rate on cash and cash equivalents		<b><u>(234,986.59)</u></b>	<u>(96,100.84)</u>
V. Net increase/(decrease) in cash and cash equivalents		<b>1,126,132,148.20</b>	(773,711,287.77)
Add: Cash and cash equivalents at the beginning of the period		<b><u>3,557,703,110.20</u></b>	<u>5,126,471,371.39</u>
VI. Cash and cash equivalents at the end of the period	57(3)	<b><u>4,683,835,258.40</u></b>	<u>4,352,760,083.62</u>

The financial statements have been signed by:

Legal representative:  
**Jiang Weiping**

CFO:  
**Wang Hongjun**

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

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Balance Sheet

As at 30 June 2013

	Note XI	30 June 2013 RMB	31 December 2012 RMB
<b>Assets</b>			
Current assets			
Cash and bank balances		<b>1,885,064,787.87</b>	998,549,054.78
Bills receivable		–	8,100,000.00
Accounts receivable		<b>60,332.04</b>	60,332.04
Interest receivable		<b>136,753,728.78</b>	250,729,781.21
Dividends receivable		<b>661,048,971.75</b>	1,134,198,882.17
Other receivables	1	<b>16,966,790,090.01</b>	14,837,697,277.39
Other current assets		<b>15,012,503.61</b>	–
Total current assets		<b><u>19,664,730,414.06</u></b>	<u>17,229,335,327.59</u>
Non-current assets			
Long-term equity investments	2	<b>17,930,452,962.08</b>	17,033,320,636.41
Investment properties		<b>8,007,527,000.00</b>	7,778,292,087.37
Fixed assets		<b>1,338,969,500.59</b>	1,427,916,220.95
Construction in progress		<b>4,980,000.00</b>	157,397,881.58
Intangible assets		<b>473,868,378.77</b>	481,328,244.82
Total non-current assets		<b><u>27,755,797,841.44</u></b>	<u>26,878,255,071.13</u>
Total assets		<b><u>47,420,528,255.50</u></b>	<u>44,107,590,398.72</u>
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Short-term loans		<b>10,392,500,000.00</b>	10,222,500,000.00
Accounts payable		<b>5,181,309.23</b>	5,620,311.33
Receipts in advance		<b>61,891,262.86</b>	279,335,584.99
Wages payable		<b>551,235.22</b>	564,620.38
Tax payable		<b>17,808,367.47</b>	163,908,577.54
Interest payable		<b>270,230,222.23</b>	149,247,229.17
Dividends payable		<b>316,398,656.81</b>	20,962,235.89
Other payables		<b>2,596,892,411.99</b>	2,064,413,590.02
Short-term financing bonds payable		<b>3,000,000,000.00</b>	1,000,000,000.00
Non-current liabilities due within one year		<b>1,080,000,000.00</b>	1,635,000,000.00
Total current liabilities		<b><u>17,741,453,465.81</u></b>	<u>15,541,552,149.32</u>

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Balance Sheet (continued)

As at 30 June 2013

	Note XI	30 June 2013 RMB	31 December 2012 RMB
Non-current liabilities			
Long-term loans		<b>3,500,000,000.00</b>	2,510,000,000.00
Bonds payable		<b>6,705,606,060.93</b>	6,692,453,587.34
Long-term payables		<b>501,379,113.65</b>	506,240,834.36
Deferred income tax liabilities		<b>1,516,094,245.70</b>	1,327,185,517.53
Total non-current liabilities		<b><u>12,223,079,420.28</u></b>	<u>11,035,879,939.23</u>
Total liabilities		<b><u>29,964,532,886.09</u></b>	<u>26,577,432,088.55</u>
Equity			
Share capital		<b>4,283,737,060.00</b>	4,283,737,060.00
Capital reserve		<b>5,679,053,989.85</b>	5,679,053,989.85
Surplus reserve		<b>580,552,232.22</b>	580,552,232.22
Retained earnings		<b>6,912,652,087.34</b>	6,986,815,028.10
Total shareholders' equity		<b><u>17,455,995,369.41</u></b>	<u>17,530,158,310.17</u>
Total liabilities and shareholders' equity		<b><u>47,420,528,255.50</u></b>	<u>44,107,590,398.72</u>

The financial statements have been signed by:

Legal representative:  
**Jiang Weiping**

CFO:  
**Wang Hongjun**

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

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Income Statement

For the six months ended 30 June 2013

	Note XI	For the six months ended 30 June 2013 RMB	For the six months ended 30 June 2012 RMB
Operating revenue	3	<b>317,635,161.33</b>	248,231,396.06
Less: Operating costs	3	<b>49,733,966.20</b>	50,963,850.90
Business tax and surcharges		<b>16,172,644.93</b>	13,895,918.27
Selling expenses		<b>6,016,139.00</b>	5,770,500.00
Administrative expenses		<b>109,706,342.04</b>	79,624,854.37
Finance costs		<b>137,234,191.18</b>	264,897,045.12
Asset impairment reversal		-	(32,355,755.71)
Add: Gains from changes in fair value		<b>229,234,912.63</b>	204,482,857.36
Investment income/(loss)	4	<b>10,275,138.30</b>	(3,160,718.81)
Including: Share of losses of associates and jointly-controlled entities		<b>(24,457,062.60)</b>	(37,781,216.00)
Operating profit		<b>238,281,928.91</b>	66,757,121.66
Add: Non-operating income		<b>61,353,699.17</b>	3,212,195.24
Less: Non-operating expenses		<b>324,689.00</b>	522,124.19
Including: Loss on disposal of non-current assets		-	340,426.47
Total profit		<b>299,310,939.08</b>	69,447,192.71
Less: Income tax expenses		<b>69,328,548.58</b>	64,222,510.26
Net profit		<b>229,982,390.50</b>	5,224,682.45
Other comprehensive income		-	-
Total comprehensive income		<b>229,982,390.50</b>	5,224,682.45

The financial statements have been signed by:

Legal representative:  
**Jiang Weiping**

CFO:  
**Wang Hongjun**

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

The notes on pages 48 to 221 form an integral part of these financial statements.



## Unaudited Interim Statement of Changes in Equity

For the six months ended 30 June 2013 (Unaudited)

	Share capital RMB	Capital reserve RMB	Surplus reserve RMB	Retained earnings RMB	Total equity RMB
I. Balance at the beginning of the period	4,283,737,060.00	5,679,053,989.85	580,552,232.22	6,986,815,028.10	17,530,158,310.17
II. Movements during the period					
(1) Net profit	-	-	-	229,982,390.50	229,982,390.50
Total comprehensive income	-	-	-	229,982,390.50	229,982,390.50
(2) Profit distribution					
1. Dividend to shareholders	-	-	-	(304,145,331.26)	(304,145,331.26)
III. Balance at the end of the period	<u>4,283,737,060.00</u>	<u>5,679,053,989.85</u>	<u>580,552,232.22</u>	<u>6,912,652,087.34</u>	<u>17,455,995,369.41</u>

The financial statements have been signed by:

Legal representative:  
**Jiang Weiping**

CFO:  
**Wang Hongjun**

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

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Statement of Changes in Equity (continued)

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	4,283,737,060.00	5,724,155,727.37	340,879,231.86	4,355,311,616.36	14,704,083,635.59
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	<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>

The financial statements have been signed by:

Legal representative:  
**Jiang Weiping**

CFO:  
**Wang Hongjun**

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

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Statement of Cash Flows

For the six months ended 30 June 2013

	Note XI	For the six months ended 30 June 2013 RMB	For the six months ended 30 June 2012 RMB
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		<b>311,220,203.15</b>	234,660,993.06
Cash received from other operating activities	5	<b>22,896,266,720.51</b>	19,587,881,376.94
Subtotal of cash inflows from operating activities		<b>23,207,486,923.66</b>	19,822,542,370.00
Cash paid for goods and services		<b>24,296,746.67</b>	8,756,563.63
Cash paid to and on behalf of employees		<b>41,726,590.46</b>	31,534,503.16
Cash paid for all types of taxes		<b>106,286,509.78</b>	54,444,418.86
Cash paid relating to other operating activities	5	<b>23,172,557,448.18</b>	19,708,744,555.71
Subtotal of cash outflows from operating activities		<b>23,344,867,295.09</b>	19,803,480,041.36
Net cash flows from operating activities	6	<b>(137,380,371.43)</b>	19,062,328.64
<b>II. Cash flows from investing activities</b>			
Cash received from redemption of investments		–	8,194,200.00
Cash received from return on investments		<b>1,215,425.00</b>	22,014,400.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>1,523,235.03</b>	1,595,756.59
Net cash received from disposal of subsidiaries and other business entities		<b>61,247,700.00</b>	–
Subtotal of cash inflows from investing activities		<b>63,986,360.03</b>	31,804,356.59
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>58,214,530.63</b>	151,740,712.95
Cash paid for acquisition of investments		<b>1,089,278,058.47</b>	666,306,881.19
Subtotal of cash outflows from investing activities		<b>1,147,492,589.10</b>	818,047,594.14
Net cash flows from investing activities		<b>(1,083,506,229.07)</b>	(786,243,237.55)

The notes on pages 48 to 221 form an integral part of these financial statements.

## Unaudited Interim Statement of Cash Flows (continued)

For the six months ended 30 June 2013

	Note XI	For the six months ended 30 June 2013 RMB	For the six months ended 30 June 2012 RMB
III. Cash flows from financing activities			
Cash received from borrowings		<b>8,362,500,000.00</b>	7,802,500,000.00
Cash received relating to other financing activities		<b>2,000,000,000.00</b>	—
Subtotal of cash inflows from financing activities		<b>10,362,500,000.00</b>	7,802,500,000.00
Cash repayment for borrowings		<b>7,757,500,000.00</b>	6,970,500,000.00
Cash paid for distribution of dividends or profits and for interest expenses		<b>497,597,666.41</b>	615,826,907.06
Subtotal of cash outflows from financing activities		<b>8,255,097,666.41</b>	7,586,326,907.06
Net cash flows from financing activities		<b>2,107,402,333.59</b>	216,173,092.94
IV. Effect of changes in exchange rate on cash and cash equivalents		—	—
V. Net increase/(decrease) in cash and cash equivalents		<b>886,515,733.09</b>	(551,007,815.97)
Add: Cash and cash equivalents at the beginning of the period		<b>998,549,054.78</b>	2,067,665,937.14
VI. Cash and cash equivalents at the end of the period	6	<b>1,885,064,787.87</b>	1,516,658,121.17

The financial statements have been signed by:

Legal representative:  
**Jiang Weiping**CFO:  
**Wang Hongjun**Head of the accounting department:  
**Hu Juan**

The notes on pages 48 to 221 form an integral part of these financial statements.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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. 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 (“**Hopeson Holdings**”), 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 (“**Beijing SASAC**”) 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 (“**Shanghai Stock Exchange**”) and the Stock Exchange of Hong Kong Limited (“**Stock Exchange of Hong Kong**”), respectively. The Company’s headquarters is located at No. 36, North Third Ring East Road, Dongcheng District, Beijing. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the 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, China Cinda Asset Management Co., Ltd. (“**Cinda Asset**”) and Tianjin Building Materials), 182.50 million shares or 6.52% are non state-owned legal person shares (held by Hua Xi Xin Yu Investment Co., Ltd. (“**Hua Xi Xin Yu**”), Runfeng Investment Group Co., Ltd. (“**Runfeng Investment**”), and Beijing Taihong Investment (Group) Co., Ltd.), and 338.48 million shares or 12.09% are foreign shares (held by Hopeson Holdings and Tai’an Pinghe Investment Co., Ltd. (“**Tai’an Pinghe**”). 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 and 139,999,500 H shares on 29 July 2009 through the exercise of over-allotment option. The issued H shares were listed respectively on 29 July 2009 and 6 August 2009 on the Main Board of the Stock Exchange of Hong Kong. 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 2013

## 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 issued 410,404,560 Renminbi-denominated ordinary shares (A shares) through initial public offering, all of which were 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 2013, 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.

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

The Group's parent and ultimate holding company is 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 21 August 2013.

## 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 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.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the annual financial statements for the previous year which prepared in accordance with Accounting Standards for Business Enterprises.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013 and their financial performance and cash flows for the six months then ended.

#### 3. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year. This accounting period is from 1 January 2013 to 30 June 2013.

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

#### 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.

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 in under the old accounting system. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

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

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

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

#### 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 2013 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.



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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 cash equivalents

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

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

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

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

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

#### 9. Financial instruments

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

##### ***Recognition and derecognition of financial instruments***

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

The Group derecognises 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 financial asset have expired; or
- (2) the Group has transferred its rights to receive cash flows from the financial 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 financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has not retained control of the financial asset.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

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

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

##### *Classification and measurement of financial assets*

The Group's 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.

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: the financial asset is acquired for the purpose of selling in a short term; the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

###### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold 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 amortization or impairment are recognised in profit or loss for the current period.

###### *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. Dividends and interest income relating to an available-for-sale financial asset are recognised in profit or loss for the current period.

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

##### *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 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 a kind of financial liabilities, fair values are adopted for subsequent measurement. All the realised and unrealised gains or losses on these financial liabilities are recognised in profit or loss for the current period.

##### *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 or 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

##### *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 measured 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.

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

###### *Available-for-sale financial assets*

If there is objective evidence that an available-for-sale financial 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.

###### *Financial assets measured at cost*

If there is objective evidence that such financial 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.

##### *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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 10. Receivables

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

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

**(2) *Receivables that are assessed for bad debt provision by group***

Except for receivables that are impaired through individual assessment, the Group considers receivables due from governmental institutions, BBMG Group 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:

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

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

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



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 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 measured at cost. Cost of inventories, other than cost of properties under development and cost of completed properties held for sale, comprises 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 actual costs of 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.

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

The Group adopts perpetual inventory system.

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

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 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.

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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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 in 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.

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.26 for the test for impairment and recognition of provision for impairment. For other long-term equity investments that have no quoted market prices in active markets and whose fair value cannot be reliably measured, refer to Note II.9 for the test for impairment and recognition of provision for impairment.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 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.

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 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 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.

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.

Other than that arising from utilisation of appropriated production safety fees, 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 equipment	8-10 years	5%	9.50-11.88%
Electronic equipment	5 years	5%	19.00%
Office equipment	5 years	5%	19.00%

Different depreciation rates are used for fixed assets components that have different useful lives or financially benefit the Company in different ways.

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.26.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 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.26.

#### 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

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

#### 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 fair value.

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

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

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

Costs of mining rights included costs that were incurred to obtain the mining license and estimated mine restoration cost. Amortization is calculated using the production method based on the relevant recoverable mining reserves.

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

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

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; 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; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and 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. 26.

#### 18. Long-term deferred expenditures

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



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

#### 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 20. Revenue *(continued)*

##### *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 properties has been completed and delivered to the buyer pursuant to the sale agreement and the collection of the related receivables can be assured reasonably. The deposits and installments of sold properties collected prior to the revenue recognition are presented under advances from customers in the balance sheet.

##### *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 entire 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 entire 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 2013

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

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

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

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

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss; 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

A deferred income 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.
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, jointly-controlled entities and associates, a deferred income tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised in the future.

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

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

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

#### 23. Maintenance and quality guarantee funds

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

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 24. Lease

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*

Rental 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.

#### 25. Non-current assets held for sale

Except for financial assets, deferred income 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;
- (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 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 26. 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 income 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 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 26. 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.

#### 27. Employee wages

Employee wages 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 wages payable are recognised as liabilities. For employee wages 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

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 27. Employee wages *(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.

#### 28. Distribution of profit

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

#### 29. 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.



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 29. Debt restructuring *(continued)*

##### *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.

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.

#### 30. 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 received 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.

#### 31. 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 32. 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;
- (3) the Group is able to obtain relevant accounting information such as its financial position, operating results and cash flows of such segment.

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

#### 33. Production safety cost

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

#### 34. 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

##### *Judgments*

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

##### *Operating lease – as lessor*

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

##### *Classification between investment properties and inventories*

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

##### *Classification between investment properties and fixed assets*

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

##### *Uncertainty of estimation*

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

##### *Deferred income tax assets*

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

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

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

##### *Impairment of goodwill*

The Group determines whether 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

###### *Land appreciation tax*

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

###### *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.

###### *Fair value of investment properties*

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

###### *Impairment of accounts receivable and other receivables*

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### II. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

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

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

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

The Group's inventory is measured at the lower of the costs and net realisable value. Net realisable value of inventory is the estimated selling price of inventory less the estimated costs upon completion of production, the estimated selling expenses and the related taxes and surcharges. 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. 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 recognised 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 uncertainties.

##### *Useful lives and residual value of fixed assets*

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 the concrete industry, VAT is levied based on the sales revenue at a simplified tax rate of 6%.
Business tax:	It is levied at 3%, 5% and 20% of the taxable business turnover.
City maintenance and construction tax:	It is levied at 7%, 5% and 1% of net VAT and business tax paid.
Education surcharge:	It is levied at 3% of net VAT and business tax paid.
Property tax:	It is levied based on the values of properties owned or used by the Group at the percentages prescribed by the tax laws. The tax of self-occupied properties is levied according to the values of the properties at an annual tax rate of 1.2%, which is calculated and paid based on the original value of the property less 10%-30% of that value; the tax of lease out properties is levied according to the rent at an annual tax rate of 12%, which is calculated and paid based on the rental income.
Vehicle and vessel tax:	It is levied, by number 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.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### III. TAXATION *(continued)*

#### (1) Major categories of taxes and respective tax rates *(continued)*

Land appreciation tax:	It is levied at four-level excess progressive tax rates ranging from 30% to 60% on the appreciation of land value for any land use right and buildings on the ground or other structures annexed thereto from which VAT arises as a result of the compensatory transfer of ownership by the Group.
Resource tax:	It is levied to the minerals exploited by the Group on a quantity basis under the relevant tax laws of the PRC.
Corporate income tax:	Except the items listed in (2) below, the tax is levied on the Group at the tax rate of 25% based on the taxable profit.

#### (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 enjoyed the VAT refund upon collection preferential policy during 2013 in respect of their eligible cement products. Such subsidiaries include Beijing Liulihe Cement Co., Ltd., Beijing BBMG Pinggu Cement Co., Ltd., Luquan BBMG Dingxin Cement Co., Ltd., Cangzhou Lingang BBMG Cement Co., Ltd., Beijing Taihang Qianjing Cement Co., Ltd., Baoding Taihang Heyi Cement Co., Ltd., Beijing Qianglian Cement Co., Ltd., Handan BBMG Taihang Cement Co., Ltd., Handan Shexian BBMG Cement Co., Ltd., Zanhuang BBMG Cement Co., Ltd., Zhuolu Jinyu Cement Co., Ltd., Siping BBMG Cement Co., Ltd., Tianjin Zhenxing Cement Co., Ltd., Lingchuan BBMG Cement Co., Ltd., Beijing Cement Plant Co., Ltd., Beijing Xingfa Cement Co., Ltd., Beijing BBMG Shunfa Cement Co., Ltd., Boai BBMG Cement Co., Ltd. and Quyang Jinyu Cement Co., Ltd..



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### III. TAXATION *(continued)*

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

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

- (2) Some of the Group's subsidiaries engaged in concrete production and operation enjoyed the VAT exemption preferential policy during 2013 in respect of their eligible concrete products. Such subsidiaries include Beijing Jianhua-Bulangni Concrete Co., Ltd., Beijing BBMG Concrete Co., Ltd., Guantao BBMG Taihang Concrete Co., Ltd., Cheng'an Jinghong Concrete Co., Ltd., Handan Shexian BBMG Cement Co., Ltd., Tianjin BBMG Concrete Co., Ltd. and Shijiazhuang BBMG Xucheng Concrete Co., Ltd..
- (3) The Group's subsidiaries Beijing Xiliu Building Materials Co., Ltd., Beijing Aerated Concrete Co., Ltd., Beijing BBMG Aerated Concrete Co., Ltd., Beijing Xiang Brand Walling Materials Co., Ltd., and BBMG Mortar Co., Ltd. enjoyed the VAT exemption preferential policy in respect of their selected building materials during 2013.

Upon the approval of the tax authorities, the Group's subsidiaries Beijing Jinhaiyan Property Management Co., Ltd., Beijing Xisanqi Heating Co., Ltd., and BBMG Dacheng Property Management Co., Ltd. enjoy the VAT exemption for their revenue from the heating services to individual residents in the period from the heating season of 2011 to 31 December 2015 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).

According to the relevant value-added tax provisions of the PRC and upon verification by the relevant government departments and approval of the tax authorities, some subsidiaries of the Group enjoy other preferential enterprise value-added tax as follows:

- (1) Handan Taihang Cement Co., Ltd. complies with the policy of VAT refund upon collection (with a cap) for units accommodating disabled persons by tax authorities according to the number of disabled persons actually accommodated by the unit, and enjoys VAT refund upon collection.
- (2) Beijing Bio-Island Science and Technology Co., Ltd. complies with the policy of utilising waste mineral oil for the production of integrated utilisation products and Clause 5 of Article 5 of Cai Shui [2011] No. 115 on Products of Integrated Utilisation of Resources Utilising Waste Lead Acid Batteries, and enjoys refund upon collection of value-added tax.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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. are exempted from business tax on revenue from disposal of hazardous wastes pursuant to the Reply of the State Administration of Taxation of the PRC regarding Business Tax Exemption on Revenue from Disposal of Hazardous Wastes (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 enjoyed a preferential corporate income tax rate of 15% for high-tech enterprises during 2013 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 Tiantan Furniture Co., Ltd., Tongda Refractory Technology Corporation, Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd., Beijing Building Materials Academy Co., Ltd., Beijing Building Materials Testing Centre Co., Ltd., Beijing Jiandu Design and Research Institute Co., Ltd., Beijing Alavus Building Energy Saving Components Co., Ltd., Beijing BBMG Cement Energy Saving Technology Co., Ltd., and BBMG Mangrove Environmental Protection Technology Co., Ltd..

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### III. TAXATION *(continued)*

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

##### 3. Corporate income tax *(continued)*

Pursuant to the Provisional Regulations on Corporate Income Tax of the People's Republic of China and relevant requirements, 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:

- (1) Beijing BBMG Aerated Concrete Co., Ltd. was 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 1 January 2013 to 31 December 2013.
- (2) 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.
- (3) 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.
- (4) Beijing Bio-Island Science and Technology Co., Ltd. and BBMG Mangrove Environmental Protection Technology Co., Ltd. are energy and water efficient environmental friendly enterprises and enjoy the corporate income tax of "exemption for three years and 50% reduction for another three years" since 2009.
- (5) Hetian Yuhe Sand Stone Company Limited complies with the enterprise policy of supporting certain types of enterprises in Western China, and enjoys a preferential tax rate of 15% for 10 years since 1 January 2010.
- (6) Cheng'an BBMG Taihang Cement Co., Ltd. complied with the identified condition of integrated use of resources and was levied corporate income tax based on 90% of sales revenue from 32.5 Portland Composite cement during the period from January 2012 to December 2013.

# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Major subsidiaries:

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 (%)			
<b>Subsidiaries acquired through establishment, investment or other ways</b>												
Beijing Lulihe Cement Co., Ltd. (北京市琉璃河水泥有限公司)	Limited liability	Beijing	Zhao Xiangdong	Manufacture of cement, mining and sale of sandstone etc.	60,000.00	1027464807	62,940.51	100.00	-	100.00	Y	-
Beijing Jianhua-Bulagui Concrete Co., Ltd. (北京建华布纳尼混凝土有限公司)	Limited liability	Beijing	Hao Zhizao	Manufacture and sale of commercial concrete	1,269.80	6259083609	1,333.62	-	100.00	100.00	Y	-
Beijing BBMG Concrete Co., Ltd. (北京金隅混凝土有限公司)	Limited liability	Beijing	Liu Wenyao	Process of commodity concrete etc.	31,541.04	1011234005	35,923.59	100.00	-	100.00	Y	-
Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd. (北京金隅红树林环保科技有限责任公司)	Limited liability	Beijing	Zheng Baojin	Disposal of hazardous waste etc.	169,815.09	7839567405	109,344.44	51.00	-	51.00	Y	66,440.61
Hebei BBMG Mangrove Environmental Protection Technology Co., Ltd. (河北金隅红树林环保科技有限责任公司)	Limited liability	Sanhe	Tian Wei	Treatment and disposal of hazardous waste	1,000.00	694667950X	1,000.00	-	51.00	51.00	Y	981.45
Beijing Jinyu Pinggu Cement Co., Ltd. (北京金隅平谷水泥有限公司)	Limited liability	Beijing	Zhang Jun	Manufacture and sale of cement etc.	15,000.00	5585606909	15,000.00	100.00	-	100.00	Y	-
Gangzhou Lingang Jinyu Cement Co., Ltd. (赣州蓝港金隅水泥有限公司)	Limited liability	Gangzhou	Zhou Chengjiao	Manufacture and sale of cement and cement products	15,000.00	674184580X	15,000.00	-	100.00	100.00	Y	-
Cheng'an BBMG Taihang Cement Co., Ltd. (南安金隅太行水泥有限公司)	Limited liability	Cheng'an County	Li Huijiang	Manufacture and sale of commercial concrete	1,000.00	5767807509	1,000.00	-	94.67	94.67	Y	96.25
Daming BBMG Taihang Concrete Co. Ltd. (大名金隅太行混凝土有限公司)	Limited liability	Daming County	Li Huijiang	Sales of concretes and mortar	1,000.00	0509723-8	900.00	-	85.20	85.20	Y	113.29
Zanhuang BBMG Cement Co., Ltd. (赞皇金隅水泥有限公司)	Limited liability	Zanhuang County	Tian Daohu	Manufacture and sale of cement and clinker	60,000.00	672062520X	60,000.00	100.00	-	100.00	Y	-
BBMG Cement Trading Co., Ltd. (北京金隅水泥贸易有限公司)	Limited liability	Beijing	Jiang Changlu	Wholesale of cement and cement product etc.	5,000.00	6787533201	5,000.00	100.00	-	100.00	Y	-
Sanhe Jining Mining Co., Ltd. (三河市金隅矿业有限公司)	Limited liability	Sanhe	Chen Changshu	Processing and sale of rock materials for construction	500.00	6920731406	475.00	-	95.00	95.00	Y	(6.04)

# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>											
Limited liability	Beijing	Zhang Zengsiou	Development and transfer of cement and concrete technology	2,500.00	6950455308	2,500.00	100.00	-	100.00	Y	-
Limited liability	Sping	Jiang Chianglu	Manufacture and sale of cement and cement product etc.	30,000.00	6961369205	15,600.00	52.00	-	52.00	Y	18,481.98
Limited liability	Shijiazhuang	Li Futai	Sales of concretes	10,000.00	05545166-9	7,000.00	-	68.46	68.46	Y	2,824.13
Limited liability	Lan county	Liu Wenyuan	Manufacture and sale of cement and cement product	20,030.00	5514780403	16,024.00	80.00	-	80.00	Y	3,398.77
Limited liability	Qinyang	Jiang Chianglu	Manufacture and sale of cement and clinker etc.	16,645.00	553167610X	14,464.51	86.60	-	86.60	Y	1,918.00
Limited liability	Lingchuan County	Zhao Jun	Manufacture and sale of cement and clinker	18,000.00	5613345503	18,000.00	100.00	-	100.00	Y	-
Limited liability	Beijing	Lu Yong	Sale of metal and other mining material products	500.00	5603555505	500.00	100.00	-	100.00	Y	-
Limited liability	Zuoquan County	Li Qiang	Technical consultation service on cement and clinker	21,530.00	575961380X	21,530.00	100.00	-	100.00	Y	-
Limited liability	Xuanhua County	Jiang Chianglu	Manufacture and sale of cement and clinker	500.00	5751518290X	325.00	65.00	-	65.00	Y	(155.32)
Limited liability	Bo ai County	Liu Wenyuan	Manufacture and sale of cement and clinker	30,000.00	5860455502	22,350.00	74.50	-	74.50	Y	7,524.03
Limited liability	Guangjing County	Wei Weiqiong	Manufacture and sale of cement and clinker	30,000.00	05626630-X	30,000.00	100.00	-	100.00	Y	-
Limited liability	Beijing	Cai Luhong	Manufacture and sale of dry mix mortar	10,000.00	05136722-4	10,000.00	80.00	20.00	100.00	Y	-

# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>											
Tianjin Jinyu Treasure Bright Mortar Co., Ltd. (天津金隅寶輝砂漿有限公司)	Tianjin	Cai Lihong	Manufacture and sale of mortar	4,900.00	05870889-6	3,430.00	-	70.00	70.00	Y	1,525.37
* Fengjing BBMG Concrete Co. Ltd. (峰景金隅混凝土有限公司)	Handan	Li Huijiang	Manufacture and sale of prepared components and processing of concrete	3,000.00	06571545-6	3,000.00	100.00	-	100.00	Y	-
* Handan Hanshan BBMG Concrete Co. Ltd. (邯鄲市邯山金隅混凝土有限公司)	Handan	Li Huijiang	Manufacture and sale of commercial concrete and crushed stone	3,000.00	06703702-7	2,760.00	92.00	-	92.00	Y	261.28
* Wei County BBMG Concrete Co. Ltd. (魏縣金隅混凝土有限公司)	Handan	Li Huijiang	Manufacture and sale of concrete	1,000.00	06570518-3	920.00	92.00	-	92.00	Y	80.04
* Handan BBMG Concrete Co., Ltd. (邯鄲縣金隅混凝土有限公司)	Handan	Li Huijiang	Manufacture and sale of concrete	3,000.00	06571994-8	2,760.00	92.00	-	92.00	Y	262.44
* Handan BBMG Taihang Building Materials Co., Ltd. (邯鄲縣金隅太行建材有限公司)	Handan	Li Huijiang	Manufacture and sale of slag powder	8,109.00	06704774-7	8,109.00	-	94.67	94.67	Y	430.85
Beijing BBMG Tiantan Furniture Co., Ltd. (北京金隅天壇傢俬股份有限公司)	Beijing	Guo Yanming	Manufacture, processing, and sale of furniture etc	8,709.45	7002402509	11,430.60	93.43	-	93.43	Y	1,293.38
Beijing Tiantan-jinyue Furniture Co., Ltd. (北京天壇京月傢俬有限公司)	Beijing	He Jianbei	Manufacture of wooden furniture	600.00	6000564003	360.00	-	56.06	56.06	Y	315.06
Foshan BBMG Tiantan Furniture Co., Ltd. (佛山金隅天壇傢俬有限公司)	Foshan	Yang Jincal	Processing and sale of furniture and wooden products	500.00	555662609	500.00	-	93.43	93.43	Y	36.07
Beijing Tiantan Faran Decorative Materials Co., Ltd. (北京天壇法蘭裝飾材料有限公司)	Beijing	Tang Yiming	Manufacture of office cube partition boards and furniture etc.	4,138.60	7400706405	1,655.44	-	93.43	93.43	Y	(100.52)
Beijing Tiantan Decoration and Engineering Co., Ltd. (北京天壇裝飾工程責任有限公司)	Beijing	Diao Naibuo	Building decoration and design consultation	600.00	7235828804	600.00	-	93.43	93.43	Y	50.24

# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>											
Beijing Hongqiang Furniture Co., Ltd. (北京宏强家具有限责任公司)	Beijing	Wang Changjiang	Manufacture and sale of wooden furniture	50.00	1030032309	50.00	-	93.43	93.43	Y	(1.63)
Beijing Great Wall Furniture Co., Ltd. (北京长城家具有限公司)	Beijing	Tang Yiming	Manufacture and sale of wooden furniture etc.	6,613.58	1011246904	7,657.85	-	100.00	100.00	Y	-
Beijing Great Wall Furniture Decorative Materials Co., Ltd. (北京长城家具装饰材料有限公司)	Beijing	Shi Feng	Manufacture and sale of furniture, decorative materials and wooden floorboards	320.00	6000060305	294.00	-	93.43	93.43	Y	(29.72)
Beijing Qimette Great Wall Seats Co., Ltd. (北京奇美特座椅股份有限公司)	Beijing	Antone	Manufacture of seats for opera houses and auditoriums etc.	1,597.04	7552558209	954.75	-	55.85	55.85	Y	352.47
Beijing Woodworking Factory Co., Ltd. (北京木林蔚家具有限责任公司)	Beijing	Sun Deyang	Manufacture and sale of wood-based panels etc.	5,455.63	101173007	5,455.63	100.00	-	100.00	Y	-
Beijing Tongda Refractory Engineering Technology Co., Ltd. (北京通达耐火工程技术股份有限公司)	Beijing	Feng Yunsheng	Development and manufacture of new refractory materials etc.	200.00	7560017302	200.00	-	81.10	81.10	Y	67.07
Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd. (巩义通达中原耐火技术有限公司)	Gongyi	Feng Yunsheng	Manufacture and sale of refractory materials	1,050.00	1705000607	1,620.13	-	81.10	81.10	Y	93.16
Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd. (巩义通达中原耐火检测中心有限公司)	Gongyi	Li Ping	Testing of refractories	30.00	6987001200	30.00	-	81.10	81.10	Y	2.23
Beijing Jinyu Energy-Saving Technology Co., Ltd. (北京金隅节能保温科技有限公司)	Beijing	Li Huibin	Manufacture and sale of building materials	31,496.77	1011240503	34,245.06	100.00	-	100.00	Y	-
Zhangjiakou Star Building Materials Co., Ltd. (张家口明星建材有限责任公司)	Beijing	Li Huibin	Manufacture, processing and sale of rockwool products	500.00	5886693200	500.00	-	100.00	100.00	Y	-

# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>											
Beijing Jiansong Building, Installation and Engineering Co., Ltd. (北京建song建安工程有限公司)	Beijing	Zhang Quan	Construction contracting	2,001.12	1011320307	2,001.12	-	100.00	100.00	Y	-
Beijing Aerated Concrete Co., Ltd. (北京市加气混凝土有限责任公司)	Beijing	Jin Xuefeng	Manufacture and sale of aerated concrete panels	8,681.75	1019575703	8,602.77	-	100.00	100.00	Y	-
Beijing Jinyu Aerated Concrete Co., Ltd. (北京金裕加气混凝土有限责任公司)	Beijing	Jin Xuefeng	Manufacture and sale of aerated concrete products etc	4,000.00	1022992609	4,794.64	100.00	-	100.00	Y	-
Beijing Xiang Brand Walling Materials Co., Ltd. (北京市翔牌墙体材料有限公司)	Beijing	Wang Youbin	Manufacture and sale of clay bricks and concrete products etc.	4,043.80	1011344003	3,927.76	100.00	-	100.00	Y	-
Beijing Jinghua Glass Fiber Products Co., Ltd. (北京华玻玻璃纤维制品有限公司)	Beijing	Yang Chaoying	Manufacture of glass fiber and its products	300.66	1020108607	286.77	-	100.00	100.00	Y	-
Beijing Xiliu Building Materials Co., Ltd. (北京市西六建材有限责任公司)	Beijing	Tang Honggen	Manufacture and sale of bricks and tiles etc.	11,160.39	1011002504	10,069.39	100.00	-	100.00	Y	-
Beijing BBMG Coating Co., Ltd. (北京金漆涂料有限公司)	Beijing	Chen Jun	Manufacture of coating, professional contracting	8,900.00	7817340703	9,542.12	100.00	-	100.00	Y	-
Dachang BBMG Coating Co., Ltd. (大昌金漆涂料有限公司)	Dachang County	Chen Jun	Manufacture and sale of coating	3,000.00	5648915704	3,000.00	-	100.00	100.00	Y	-
Xinjiang BBMG Coating Co., Ltd. (新疆金漆涂料有限公司)	Urumqi	Qiu Feng	Manufacture of coating, sale of building materials etc.	100.00	6734073704	55.00	-	55.00	55.00	Y	113.61
Beijing Building Materials Academy Co., Ltd. (北京建筑材料科学研究院有限公司)	Beijing	Wang Zhaojia	Development, manufacture and sale of building materials etc.	12,000.00	400709490X	12,246.78	100.00	-	100.00	Y	-
Beijing Building Materials Testing Centre Co., Ltd. (北京建筑材料试验中心有限公司)	Beijing	Wang Zhaojia	Testing for building material quality etc.	1,000.13	7951149704	1,000.13	-	100.00	100.00	Y	-
Beijing Keshi Hardware Co., Ltd. (北京市科赛五金有限责任公司)	Beijing	Liu Guosheng	Manufacture of modern products like construction hardware	2,552.13	1011231703	2,482.13	100.00	-	100.00	Y	-





# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>											
Yangquan Tongqia BBMG Refractory Materials Co., Ltd. (陽泉金隅通遼耐火材料有限公司)	Yangquan	Feng Yunshang	Manufacture and sale of refractory ceramic etc.	6,000.00	6942918902	6,000.00	-	81.10	81.10	Y	128.07
Beijing BBMG Business and Trading Co., Ltd. (北京金隅商貿有限公司)	Beijing	Kou Yingyue	Wholesale of building materials and metals etc.	41,000.00	5585089700	41,000.00	100.00	-	100.00	Y	-
Dachang BBMG Jinhaiyan Glass Wool Co., Ltd. (大廠金隅金海燕玻璃棉有限公司)	Dachang County	Zhao Yanjun	Manufacture and sale of glass wool products	8,000.00	678506540X	8,000.00	-	100.00	100.00	Y	-
BBMG Material Industrial (Shanghai) Co., Ltd. (金隅物產上海有限公司)	Shanghai	Kou Yingyue	Import and export of coke, iron ore and metal materials	8,000.00	59971945-9	4,080.00	51.00	-	51.00	Y	4,060.47
* Tangshan Jinyu Acreated Concrete Co., Ltd. (唐山金隅加氣混凝土有限公司)	Tangshan	Jin Xuefeng	Manufacture and sale of aerated concrete panels	6,860.00	06648276-9	4,596.20	-	67.00	67.00	Y	2,209.94
BBMG GEM Real Estate Development Co., Ltd. (北京金隅業房地產開發有限公司)	Beijing	Huang An' nan	Property development and management etc.	200,000.00	1017180907	166,513.84	100.00	-	100.00	Y	-
BBMG (Qingdao) Property Development Co., Ltd. (青島金隅房地產開發有限公司)	Qingdao	Huang An' nan	Property development and trading agent	5,000.00	5912837500	5,000.00	-	100.00	100.00	Y	-
Inner Mongolia BBMG Property Investment Co., Ltd. (內蒙古金隅置業投資有限公司)	Hohhot	Huang An' nan	Property development and management etc.	20,000.00	7901884500	20,000.00	-	100.00	100.00	Y	-
BBMG (Hangzhou) Property Development Co., Ltd. (金隅杭州房地產開發有限公司)	Hangzhou	Huang An' nan	Property development and management etc.	60,000.00	6680245102	63,482.70	-	100.00	100.00	Y	-
Hangzhou BBMG Mountain Villa Property Development Co., Ltd. (杭州金隅山墅房地產開發有限公司)	Hangzhou	Huang An' nan	Property development and others	10,000.00	5687961001	10,000.00	-	100.00	100.00	Y	-
BBMG (Tianjin) Property Development Co., Ltd. (天津金隅房地產開發有限公司)	Tianjin	Huang An' nan	Property development and sales etc.	80,000.00	5503542804	80,000.00	-	100.00	100.00	Y	-

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>											
Tangshan BBMG Jiulong Property Development Co., Ltd. (唐山金隅巨龙房地产开发有限公司)	Tangshan	Huang An'nan	Property development and management etc.	5,000.00	5553091200	4,000.00	-	80.00	80.00	Y	686.39
Beijing BBMG Property Development Co., Ltd. (北京金隅置地房地产开发有限公司)	Beijing	Huang An'nan	Property development and sales etc.	5,000.00	5548780304	5,000.00	-	100.00	100.00	Y	-
BBMG Yanke Property Development Co., Ltd. (北京金隅万科房地产开发有限公司)	Beijing	Huang An'nan	Property development and sales etc.	19,000.00	6666051305	9,690.00	-	51.00	51.00	Y	23,510.26
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开发有限公司)	Beijing	Chang Yuanhong	Rental, property development etc.	6,129.76	1011439607	12,358.04	100.00	-	100.00	Y	-
Chengdu BBMG Dacheng Property Development Co., Ltd. (成都金隅大成房地产开发有限公司)	Chengdu	Zhang Xiaobing	Property development etc.	5,000.00	5875694304	4,000.00	-	80.00	80.00	Y	581.05
Chongqing BBMG Dacheng Property Development Co., Ltd. (重庆金隅大成房地产开发有限公司)	Chongqing	Zhang Xiaobing	Property development and consultation etc.	20,000.00	5540632104	20,000.00	-	100.00	100.00	Y	-
Beijing BBMG Cheryuan Property Development Co., Ltd. (北京金隅程远房地产开发有限公司)	Beijing	Chang Yuanhong	Property development and sale of commodity housing etc.	45,944.06	5636560003	47,350.99	100.00	-	100.00	Y	-
Beijing Jianhong Property Development Co., Ltd. (北京建宏房地产开发公司)	Beijing	Zhou Jiyi	Renovation of dilapidated buildings etc.	10,500.00	60001885-3	10,042.63	100.00	-	100.00	Y	-
Beijing Dajiangnan International Hotel Management Co., Ltd. (北京大江国际酒店管理有限公司)	Beijing	Chen Ming	Dining services	150.00	7684553208	150.00	-	100.00	100.00	Y	-

# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through establishment, investment or other ways (continued)</b>											
Beijing Jinyincheng Property Management Co., Ltd. (北京市业新城物业管理有限责任公司)	Beijing	Liu Shucai	Property management	50.00	7609198209	50.00	-	100.00	100.00	Y	-
Inner Mongolia BBMG Property Management Co., Ltd. (内蒙古碧博物业管理有限责任公司)	Hohhot	Li Weidong	Property management	200.00	6769102704	200.00	-	100.00	100.00	Y	-
BBMG Property Management Co., Ltd. (北京金隅物业管理有限责任公司)	Beijing	Li Weidong	Property management	1,000.00	6336869700	8,926.45	100.00	-	100.00	Y	-
Beijing Jinyuan Property Management Co., Ltd. (北京锦源物业管理有限责任公司)	Beijing	Li Weidong	Property management	50.00	7001721209	50.00	-	100.00	100.00	Y	-
BBMG Fergushan Hot Spring Resort Co., Ltd. (北京金隅唐山温泉度假有限公司)	Beijing	Liu Weyu	Provision of accommodation and dining services etc.	19,998.91	1026918903	20,248.04	100.00	-	100.00	Y	-
Beijing Jianyuan Hotel Co., Ltd. (北京市建苑宾馆有限公司)	Beijing	Li Mian	Provision of accommodation and dining services	1,000.53	101129680X	1,000.53	-	100.00	100.00	Y	-
Beijing Jiapi Assets Management Co., Ltd. (北京建群资产管理有限责任公司)	Beijing	An Zhiqiang	Self-owned property rental, property management etc.	6,273.39	1016498209	6,248.82	100.00	-	100.00	Y	-
Beijing Jinhaiyan Assets Management Co., Ltd. (北京金海岩资产管理有限责任公司)	Beijing	An Zhiqiang	Self-owned property rental, property investment and management etc.	8,292.36	101124580X	7,847.98	100.00	-	100.00	Y	-
Beijing Jinhaiyan Property Management Co., Ltd. (北京金海岩物业管理有限责任公司)	Beijing	Ma Hong	Property management	500.00	101850160X	563.32	100.00	-	100.00	Y	-
BBMG Property Operation Management Co., Ltd. (北京金隅地產运营管理有限责任公司)	Beijing	Li Weidong	Commercial housing rental, property and hotel management etc.	9,900.00	6691139407	9,900.00	100.00	-	100.00	Y	-
Beijing BBMG Real Estate Agency Co., Ltd. (北京金隅房地產經紀有限公司)	Beijing	Chang Yuanhong	Property agency business and consultation	500.00	598084550X	500.00	-	100.00	100.00	Y	-



# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)				
<b>Subsidiaries acquired through business combination under common control (continued)</b>												
Qiyang Jinyu Cement Co., Ltd. (青陽金隅水泥有限公司)	Limited liability	Qiyang County	Fan Guoliang	Manufacture and sale of cement and clinker	28,000.00	6827760400	24,933.35	90.00	-	90.00	Y	3,283.87
Beijing Bio-Island Science and Technology Co., Ltd. (北京生島豐科技有限責任公司)	Limited liability	Beijing	Liu Xiaoyu	Development of technologies for waste disposal, comprehensive utilization, and environmental protection	5,000.00	7877525309	-	-	51.00	51.00	Y	2,282.82
Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	Limited liability	Tianjin	Jiang Changlu	Manufacture of cement	55,811.02	1030713003	40,010.14	60.64	-	60.64	Y	27,613.85
Tongda Refractory Technology Co., Ltd. (通達耐火技術股份有限公司)	Limited liability	Beijing	Feng Yunsheng	Research and Development, and manufacture of new refractory materials etc.	28,517.14	7886140704	23,128.11	81.10	-	81.10	Y	13,202.08
Shanghai Jinyu Sanming Building Materials Co., Ltd. (上海金隅三明建材有限公司)	Limited liability	Shanghai	Xu Haifeng	Manufacture and sale of modern building materials	2,700.00	6074059208	2,437.71	-	100.00	100.00	Y	-
Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司)	Limited liability	Beijing	Zhang Quan	Decoration of design projects and furniture decorations etc.	8,500.00	101123780X	27,504.04	100.00	-	100.00	Y	-
Beijing Building Decoration and Design Institute Co., Ltd. (北京市建築裝飾設計院有限公司)	Limited liability	Beijing	Zhang Quan	Decorative design service	2,000.00	1018876204	2,000.00	-	100.00	100.00	Y	-
Beijing Longshuncheng Chinese Style Furniture Co., Ltd. (北京市龍城中式家具有限公司)	Limited liability	Beijing	Wang Zhijun	Manufacture of furniture etc.	1,292.40	1011231801	6,377.59	-	93.43	93.43	Y	148.50
Crane (Beijing) Building Material Co., Ltd. (保歐北京建材有限公司)	Limited liability	Beijing	Kou Yingyue	Wholesale of building materials etc.	500.00	6699036606	256.34	-	67.50	67.50	Y	106.11

# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through business combination under common control (continued)</b>											
Beijing BBMG Doudian Technology Corporate Management Co., Ltd. (北京金隅地产科技企业管理有限公司)	Beijing	Tang Jianping	Manufacture of insulate and energy-saving building materials etc.	15,037.66	10172091307	21,193.66	100.00	-	100.00	Y	-
Beijing BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	Beijing	Zhang Xiaobing	Property development etc.	150,000.00	7226160402	226,277.12	100.00	-	100.00	Y	-
Haikou Dacheng Property Investment Co., Ltd. (海口大成置業有限公司)	Haikou	Zhang Xiaobing	Property development etc.	1,600.00	2012959307	1,142.21	-	100.00	100.00	Y	-
BBMG Badaling Hot Spring Resort Co., Ltd. (北京金隅八達壩溫泉度假村有限公司)	Beijing	Liu Weyu	Provision of travelling service and accommodation etc.	28,600.00	6000657005	12,256.23	-	100.00	100.00	Y	-
Beijing Xisanqi Heating Co., Ltd. (北京西三旗熱力有限公司)	Beijing	Wang Haitao	Manufacture of low to medium pressure steam and distilled water etc.	7,560.00	6320695402	6,691.07	-	100.00	100.00	Y	-
BBMG Hongye Ecological Science and Technology Co., Ltd. (北京金隅宏業生態科技有限公司)	Beijing	Xu Chuanhui	Property rental and management	200.00	6675186902	85,299.24	100.00	-	100.00	Y	-
Beijing Hengxing Land Real Estate Co., Ltd. (北京恒興置業地產有限公司)	Beijing	Zhang Xiaobing	Property development etc.	4,635.00	7553002000	11,542.01	-	100.00	100.00	Y	-
BBMG Hong Kong Limited (金隅香港有限公司)	Hong Kong	Ma Hong	Self-owned property rental	(HKD) 100.00	N/A	598.49	100.00	-	100.00	Y	-
Beijing Lvdi Shangke Science and Technology Co., Ltd. (北京綠都尚科技術有限公司)	Beijing	Fu Qizhao	Sale of building materials and provision of technical services etc.	2,784.85	1026464109	4,574.17	100.00	-	100.00	Y	-

# Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through business combination under common control (continued)</b>											
<b>Subsidiaries acquired through business combination under common control (continued)</b>											
Beijing Hengye Qiyong Business and Trading Co., Ltd. (北京恒业群盈商贸有限公司)	Beijing	Jiang He	Manufacture, purchase and sale of furniture	3,600.00	1013050006	9,826.00	-	100.00	100.00	Y	-
Beijing Zhongweishenli Property Management Co., Ltd. (北京中威森物业管理有限公司)	Beijing	An Zhiqiang	Property management	2,548.50	1014787106	50,449.23	-	100.00	100.00	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	1011004006	27,504.04	100.00	-	100.00	Y	-
Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奥克兰建筑材料有限公司)	Beijing	Sun Yan'an	Processing and sale of waterproof materials	500.00	6000054003	-	-	100.00	100.00	Y	-
BBMG Human Resources Management Co., Ltd. (北京博名人力资源管理有限公司)	Beijing	Liu Shengli	Dispatch of labour	50.00	690001270X	49.45	-	100.00	100.00	Y	-
BBMG Daoteng Property Management Co., Ltd. (北京鑫腾大成物业管理有限公司)	Beijing	Xue Guomin	Property management	500.00	1018504500	1,186.08	100.00	-	100.00	Y	-
<b>Subsidiaries acquired through business combination not under common control</b>											
Hetan Yule Sand Stone Company Limited (和田市玉河砂石有限公司)	Hetan	Jiang Changlu	Manufacture and sale of concrete	2,040.80	6792864809	1,428.19	-	51.00	51.00	Y	1,373.44
Luquan BBMG Dingxin Cement Co., Ltd. (酒泉金鼎鑫水泥有限公司)	Luquan	Zhou Chengyao	Manufacture and sale of cement and clinker etc.	130,000.00	7494157902	145,440.00	100.00	-	100.00	Y	-
*** Hebei Taihang Huaxin Building Materials Co., Ltd. (河北太行华信建材有限责任公司)	Handan	Wang Nan	Mining of limestone and sale of cement products	22,800.00	7373777500	6,007.04	33.33	-	33.33	Y	10,453.66
Beijing Taihang Qianjing Cement Co., Ltd. (北京太行前景水泥有限公司)	Beijing	Zheng Baojin	Manufacture and sale of cement and cement products etc.	10,000.00	6000945006	6,760.00	67.00	-	67.00	Y	7,375.85



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

## IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through business combination not under common control (continued)</b>											
Baoding Taihang Xingsheng Cement Co., Ltd. (保定太行鼎盛水泥有限公司)	Baoding	Zheng Baojin	Manufacture and sale of cement and cement products etc.	2,000.00	7634494102	1,640.00	-	61.50	61.50	Y	(857.25)
Baoding Taihang Heyi Cement Co., Ltd. (保定太行益和水泥有限公司)	Yi county	Jiang Changlu	Manufacture and sale of cement and cement products etc.	16,000.00	7454331402	12,000.00	75.00	-	75.00	Y	8,074.77
Yixian Tenghui Mineral Building Materials Company Limited (易县腾辉矿建建材有限公司)	Yi county	Wang Chao	Sale of lime and rock materials etc.	2,100.00	7965723002	2,500.00	-	75.00	75.00	Y	593.34
Handan Taihang Cement Co., Ltd. (邯郸市太行水泥有限责任公司)	Handan	Li Huajiang	Manufacture of cement	500.00	730279550X	703.80	-	48.28	48.28	Y	691.08
Beijing Qianqian Cement Co., Ltd. (北京强强水泥有限公司)	Beijing	Zhang Wanbo	Manufacture of cement	2,000.00	7461002806	2,442.59	-	60.00	60.00	Y	1,407.79
Handan BBMG Taihang Cement Co., Ltd. (邯郸金隅太行水泥有限责任公司)	Handan	Li Huajiang	Manufacture of cement	65,000.00	5560754101	71,998.66	94.67	-	94.67	Y	4,617.41
Cheng'an BBMG Taihang Cement Co., Ltd. (保定金隅太行水泥有限公司)	Cheng'an	Li Huajiang	Manufacture of cement	6,000.00	5544806008	4,500.00	-	71.00	71.00	Y	1,728.13
Guantao BBMG Taihang Concrete Co., Ltd. (邯郸金隅太行混凝土有限公司)	Guantao	Li Huajiang	Manufacture and sale of commodity concrete	1,000.00	5738955402	1,000.00	-	94.67	94.67	Y	141.93
Handan Shexian BBMG Cement Co., Ltd. (邯郸涉县金隅水泥有限公司)	She county	Li Huajiang	Manufacture and sale of cement	10,000.00	6652956808	18,167.87	91.00	-	91.00	Y	1,795.10
** Tianjin BBMG Concrete Co., Ltd. (天津金隅混凝土有限公司)	Tianjin	Jiang Changlu	Concrete construction and manufacturing	23,733.78	7548416007	24,697.20	85.00	-	100.00	Y	4,531.01
Shijiazhuang BBMG Xuicheng Concrete Co., Ltd. (石家庄金隅城海混凝土有限公司)	Shijiazhuang	Liu Wenyuan	Manufacture and sale of concrete	20,000.00	7575353006	20,204.70	97.80	-	97.80	Y	515.62
Beijing Cement Plant Co., Ltd. (北京水泥厂有限责任公司)	Beijing	Liu Wenyuan	Manufacture of cement and mining of limestone etc.	96,346.28	6343918302	94,321.78	-	51.00	51.00	Y	51,334.25

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 1. Major subsidiaries: (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 (%)			
<b>Subsidiaries acquired through business combination not under common control (continued)</b>											
Beijing Chincelarge Cement Co., Ltd. (北京興發水泥有限公司)	Beijing	Jiang Changlu	Manufacture of cement and clinker etc.	31,500.00	6000229509	46,474.09	95.70	-	95.70	Y	2,121.37
BBMG Shunfa Lafarge Cement Co., Ltd. (北京金隅聯發水泥有限公司)	Beijing	Jiang Changlu	Manufacture of cement and clinker etc.	15,000.00	6000968501	11,068.11	70.00	-	70.00	Y	4,648.97
Beijing Alavus Energy Saving Components Co., Ltd. (北京愛樂屋建築節能製品有限公司)	Beijing	Sai Bao	Manufacture, sale and repair of energy efficient doors and windows	(EUR) 400.00	7177440105	2,998.07	82.00	-	82.00	Y	707.33
Chongqing BBMG Decheng Shanshui Real Estate Co., Ltd. (重慶金隅水泥置業有限公司)	Chongqing	Zhang Xiaobing	Property development and sale etc.	38,000.00	5567783807	38,000.00	-	100.00	100.00	Y	-
Chengde BBMG Cement Co., Ltd. (承德金隅水泥有限公司)	Chengde	Jiang Changlu	Manufacture of cement and clinker etc.	30,000.00	78865130-X	24,000.00	95.85	-	95.85	Y	1,035.58

\* Newly-founded subsidiaries during the period

\*\* In September 2010, Tianjin Building Materials Supply Corporation (天津市建築材料供應總公司) entrusted 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 2013, the Company held 85% equity interests in Tianjin BBMG Concrete Co., Ltd. with 100% voting rights.

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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	Recognised major assets as at the end of the Period in the consolidated statements	Recognised major liabilities as at the end of the Period in the consolidated statements
Hebei Taihang Huaxin Building Materials Co., Ltd. ("Taihang Huaxin")	Nil	186,515,940.94	29,718,883.84

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

#### 3. Investee that the Company holds half or more of its shareholdings but fails to control it

Investee	Place of registration	Principal activities	Registered capital (RMB10,000)	Investment amount (RMB10,000)	Shareholding percentage (%)	Voting right (%)	Reason for the voting right failing to control
Beijing Beizhuan Gas Station	Beijing	Retail of refined oil	80.00	64.83	62.50	-	Contracted operation
Hainan Dihao Furniture Co., Ltd.	Haikou	Manufacture of furniture	900.00	264.54	55.00	-	Withdrawal from operation in 2004
Beijing Xinjianxinyuan Farmer's Market Co., Ltd.	Beijing	Retail of agricultural product	40.00	38.00	95.00	-	Contracted operation

#### 4. Change in scope of consolidation

Apart from the newly established subsidiaries during the Period and as stated in Note IV.5 and Note IV.6, the scope of consolidated financial statements remains the same as last year.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

Entities newly included into the scope of consolidation for the Period are as follows:

	30 June 2013 Net assets	From the acquisition date to the end of the Period Loss
Chengde BBMG Cement Co., Ltd.	249,142,165.64	(1,203,368.30)

During the Period, subsidiaries no longer included into the scope of consolidation are as follows:

	Date of disposal Net assets	From the beginning of the Period to the date of disposal Loss
Inner Mongolia BBMG Daihai Resort Co., Ltd.	12,053,804.96	(96,195.04)

#### 6. Business combinations not under common control during the Period

	Amount of Goodwill	Calculation of Goodwill
Chengde BBMG Cement Co., Ltd.	-	Indirect measurement method

The Company originally held 12.52% equity interest in Chengde BBMG Cement Co., Ltd. During the Period, the Company acquired 83.33% equity interest in Chengde BBMG Cement Co., Ltd by way of capital increase at a cash consideration of RMB233,671,549.99. As such, the Company holds 95.85% equity interest in that company. The acquisition date was determined as 16 April 2013.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 6. Business combinations not under common control during the Period *(continued)*

As at the acquisition date, the fair value of the identifiable assets and liabilities of Chengde BBMG Cement Co., Ltd. is approximate to their carrying value, details of which are as follows:

	<b>16 April 2013</b>
	<b>Fair value</b>
Cash and bank balances	236,854,305.39
Accounts receivable	150,000.00
Other receivables	74,443.28
Fixed assets	16,985,490.47
Less:	
Tax payable	(31,915.41)
Other payables	<u>3,750,620.61</u>
	<u>250,345,533.94</u>
Minority interests	<u>10,399,384.11</u>
Goodwill arising from acquisition	<u>–</u>
Consideration for combination (Note)	<u><u>239,946,149.83</u></u>

Note: Such amounts included the cash consideration of RMB233,671,549.99 paid by the Company for business combination and the assessed fair value of RMB6,274,599.84 of the 12.52% equity interest held in Chengde BBMG Cement Co., Ltd. prior to the acquisition date.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 6. Business combinations not under common control during the Period *(continued)*

The operating results and cash flows of Chengde BBMG Cement Co., Ltd. from the acquisition date to the end of the Period are set out as below:

	For the period from 16 April 2013 to 30 June 2013
Operating revenue	–
Net Profit	(1,203,368.30)
Net cash flows from operating activities	(1,054,427.10)
Net cash flows from investing activities	(191,533,080.14)
Net cash flows from financing activities	–

#### 7. Reduction of subsidiaries due to loss of control during the Period

	Place of registration	Principal activities	Percentage of shareholding (%)	Percentage of voting rights (%)	Reasons for ceasing to be a subsidiary	Date of disposal	Note
Inner Mongolia BBMG Daihai Resort Co., Ltd. (內蒙古金隅岱海旅遊 度假有限公司)	Ulanqab	Provision of accommodation and dining services etc.	100.0	100.0	Disposal	28 February 2013	Note 1

Note 1: The Group's subsidiary BBMG Fengshan Hot Spring Resort Co., Ltd. (北京金隅鳳山溫泉度假村有限公司) and Xinghe County Muzi Carbon Co., Ltd. (興河縣木子炭素有限責任公司) entered into an equity transfer agreement to dispose its 100% equity interest in Inner Mongolia BBMG Daihai Resort Co., Ltd. (內蒙古金隅岱海旅遊度假有限公司) at a consideration of RMB12,150,000.00 in cash. The date of disposal was 28 February 2013. Since 28 February 2013, the Group has ceased to include Inner Mongolia BBMG Daihai Resort Co., Ltd. into the scope of consolidation.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. Reduction of subsidiaries due to loss of control during the Period *(continued)*

Related financial information of Inner Mongolia BBMG Daihai Resort Co., Ltd. are as follows:

	28 February 2013 Carrying amount	31 December 2012 Carrying amount
Current assets	2,126.01	5,365.61
Non-current assets	12,053,109.45	12,146,064.89
Current liabilities	1,430.50	1,430.50
Net assets	12,053,804.96	12,150,000.00
Consideration for disposal	12,150,000.00	
Gains from disposal	96,195.04	
		<b>For the period from 1 January 2013 to 28 February 2013</b>
Operating revenue		–
Operating costs		–
Net profit		(96,195.04)

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

	Average exchange rate		Exchange rate at the period/year end	
	For the six months ended		30 June	31 December
	30 June 2013	2012	2013	2012
HKD	0.7906	0.8134	0.7913	0.8109

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### V. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Cash and bank balances

	30 June 2013			31 December 2012		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash on hand						
RMB	5,218,345.55	1.0000	5,218,345.55	3,459,018.74	1.0000	3,459,018.74
IDR	-	-	-	1,820,000.00	0.0006	1,092.00
			<u>5,218,345.55</u>			<u>3,460,110.74</u>
Cash at banks						
RMB	8,041,258,498.57	1.0000	8,041,258,498.57	5,822,702,449.51	1.0000	5,822,702,449.51
USD	85,728.87	6.1377	526,178.08	715,751.81	6.2855	4,498,858.00
EUR	72,114.79	7.9839	575,757.31	85,023.83	8.3176	707,194.21
HKD	9,596,678.08	0.7913	7,593,851.36	13,032,786.73	0.8109	10,568,286.76
JPY	24,484,950.88	0.0619	1,515,618.46	24,276,089.04	0.0730	1,772,154.50
			<u>8,051,469,903.78</u>			<u>5,840,248,942.98</u>
Others						
RMB	27,676,599.69	1.0000	27,676,599.69	62,385,492.73	1.0000	62,385,492.73
			<u>8,084,364,849.02</u>			<u>5,906,094,546.45</u>



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

	30 June 2013	31 December 2012
Cash and bank balances with restrictions:		
Deposits for letter of credit	<b>30,000.00</b>	39,206,299.85
Quality/performance deposits	<b>47,721,441.55</b>	51,951,332.14
Deposits for acceptance bills	<b>115,612,105.39</b>	156,133,605.34
Restricted fund of property pre-sale funds	<b>3,133,624,665.79</b>	2,052,501,646.63
Others	<b>103,541,377.89</b>	48,598,552.29
	<b><u>3,400,529,590.62</u></b>	<b><u>2,348,391,436.25</u></b>

As at 30 June 2013, the Group's cash and bank balances of which ownership were restricted are RMB3,400,529,590.62 (31 December 2012: RMB2,348,391,436.25).

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, and interest income is generated according to the respective interest rates.

#### 2. Bills receivable

	30 June 2013	31 December 2012
Commercial acceptance bills	<b>11,647,264.23</b>	3,060,000.00
Bank acceptance bills	<b>811,087,523.31</b>	1,025,602,688.14
	<b><u>822,734,787.54</u></b>	<b><u>1,028,662,688.14</u></b>

As at 30 June 2013, bills receivable of RMB14,750,000.00 were pledged (31 December 2012: Nil).

As at 30 June 2013, there was no transfer of bills receivable into accounts receivable due to default on the part of the drawer (31 December 2012: Nil).

As at 30 June 2013, there were no outstanding bills receivable endorsed to other parties.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 3. Interests receivable

	Balance at beginning of the Period	Increase in the Period	Decrease in the Period	Balance at end of the Period
STAR-USG Building Materials Co., Ltd.	<u>1,411,125.80</u>	<u>2,461,550.04</u>	<u>2,489,834.15</u>	<u>1,382,841.69</u>

As at 30 June 2013, there were no outstanding interests receivable (31 December 2012: Nil).

#### 4. Dividends receivable

	Balance at beginning of the Period	Increase in the Period	Decrease in the Period	Balance at end of the Period
Dividends receivable	<u>1,215,425.00</u>	<u>–</u>	<u>1,215,425.00</u>	<u>–</u>

#### 5. 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 2013	31 December 2012
Within 1 year	<b>4,684,897,911.10</b>	3,622,522,577.51
1 to 2 years	<b>503,342,416.07</b>	435,084,218.32
2 to 3 years	<b>94,778,300.51</b>	81,854,995.55
3 to 4 years	<b>28,924,382.78</b>	32,669,200.80
4 to 5 years	<b>23,381,487.89</b>	20,172,495.57
Over 5 years	<b>87,835,565.10</b>	90,736,588.11
	<b>5,423,160,063.45</b>	4,283,040,075.86
Provision for bad debts	<b>(276,979,234.01)</b>	(291,243,701.70)
	<b>5,146,180,829.44</b>	3,991,796,374.16

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

The movements in provision for bad debts are as follows:

	For the six months ended 30 June 2013	2012
At the beginning of the period/year	<b>291,243,701.70</b>	359,546,649.96
Provision for the period/year	<b>10,748,563.20</b>	46,003,705.19
Reversal for the period/year	<b>(23,767,316.81)</b>	(22,008,917.38)
Write-off for the period/year	<b>(1,245,714.08)</b>	(90,328,285.46)
Transfer out on disposal of subsidiaries	–	(1,969,450.61)
At the end of the period/year	<b><u>276,979,234.01</u></b>	<u>291,243,701.70</u>

	30 June 2013		Provision for bad debts	
	Gross carrying amount Amount	Proportion (%)	Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	–	–	–	–
Subject to provision on groups by aging				
Within 1 year (inclusive of 1 year)	4,671,300,966.67	86.14	–	–
1 to 2 years (inclusive of 2 years)	363,411,574.70	6.70	109,023,472.41	30.00
2 to 3 years (inclusive of 3 years)	62,947,000.90	1.16	37,768,200.54	60.00
3 to 4 years (inclusive of 4 years)	12,796,257.04	0.23	10,876,818.48	85.00
4 to 5 years (inclusive of 5 years)	22,855,411.76	0.42	22,855,411.76	100.00
Over 5 years	87,835,565.10	1.62	87,835,565.10	100.00
	<u>5,221,146,776.17</u>	<u>96.27</u>	<u>268,359,468.29</u>	
Special credit characteristics group	191,948,991.01	3.54	–	–
Individually not significant but subject to separate provision for bad debts	10,064,296.27	0.19	8,619,765.72	85.65
	<b><u>5,423,160,063.45</u></b>	<b><u>100.00</u></b>	<b><u>276,979,234.01</u></b>	

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

	31 December 2012			
	Gross carrying amount		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision for bad debts	-	-	-	-
Subject to provision on groups by aging				
Within 1 year (inclusive of 1 year)	3,619,618,241.84	84.51	-	-
1 to 2 years (inclusive of 2 years)	370,986,855.80	8.66	111,296,056.74	30.00
2 to 3 years (inclusive of 3 years)	60,008,300.77	1.40	36,004,980.47	60.00
3 to 4 years (inclusive of 4 years)	27,108,573.69	0.64	23,042,287.64	85.00
4 to 5 years (inclusive of 5 years)	19,649,376.89	0.46	19,649,376.89	100.00
Over 5 years	<u>89,664,617.89</u>	<u>2.09</u>	<u>89,664,617.89</u>	<u>100.00</u>
	4,187,035,966.88	97.76	279,657,319.63	
Special credit characteristics group	78,713,958.28	1.84	-	-
Individually not significant but subject to separate provision for bad debts	<u>17,290,150.70</u>	<u>0.40</u>	<u>11,586,382.07</u>	<u>67.01</u>
	<u>4,283,040,075.86</u>	<u>100.00</u>	<u>291,243,701.70</u>	

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

As at 30 June 2013, accounts receivable which were not individually significant but subject to separate provision for bad debts were as follows:

	Gross carrying amount at end of the year	Provision for bad debts	Percentage of provision (%)	Reasons
First	2,838,524.28	2,838,524.28	100.00	Probably uncollectible
Second	1,125,176.11	1,125,176.11	100.00	Probably uncollectible
Third	649,499.14	649,499.14	100.00	Probably uncollectible
Fourth	499,827.80	333,214.68	66.67	Partly uncollectible
Fifth	399,056.12	399,056.12	100.00	Probably uncollectible
Others	4,552,212.82	3,274,295.39	71.93	Partly uncollectible
	<u>10,064,296.27</u>	<u>8,619,765.72</u>		

During the six months ended 30 June 2013, there was no reversal of provision for bad debts of individually significant accounts receivable or recovery of individually significant impaired accounts receivable (2012: Nil).

The accounts receivable that had been written off during the six months ended 30 June 2013 are as follows:

	Nature	Amount written off	Reason	Related party transactions
First	accounts receivable	179,179.14	Uncollectible	No
Second	accounts receivable from cement	160,000.00	Uncollectible	No
Third	accounts receivable from cement	96,665.00	Uncollectible	No
Fourth	accounts receivable	40,897.12	Uncollectible	No
Fifth	accounts receivable	20,632.80	Uncollectible	No
Others	Others	<u>748,340.02</u>	Uncollectible	No
		<u>1,245,714.08</u>		

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

As at 30 June 2013, there was no accounts receivable due from shareholders of the Group that held 5% or more of the Company's voting rights (31 December 2012: Nil) except for the receivable of RMB27,338.00 (31 December 2012: Nil) from BBMG Group, the parent company. (Note VI. 6)

As at 30 June 2013, there was no accounts receivable that were pledged as guarantee for the Group's bank loans (31 December 2012: RMB30,808,880.00) (Note V. 21).

Accounts receivable from related parties as at 30 June 2013 and 31 December 2012 are set out in Note VI. Related Party Relationships and Transactions.

As at 30 June 2013, the top 5 accounts receivable were as follows:

	<b>Relationship with the Group</b>	<b>Amount</b>	<b>Aging</b>	<b>Proportion in total accounts receivables (%)</b>
Customer 1	Third party	157,286,870.20	Within 1 year	2.90
Customer 2	Associates	92,000,077.33	Within 1 year	1.70
Customer 3	Third party	87,802,620.00	Within 1 year	1.62
Customer 4	Third party	46,860,843.59	Within 1 year	0.86
Customer 5	Third party	40,945,387.75	Within 1 year	0.76
		<u>424,895,798.87</u>		<u>7.84</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 6. Other receivables

An aging analysis of other receivables is as follows:

	30 June 2013	31 December 2012
Within 1 year	<b>1,770,820,364.17</b>	999,222,808.24
1 to 2 years	<b>132,766,214.41</b>	572,179,974.17
2 to 3 years	<b>565,801,042.86</b>	253,405,448.61
3 to 4 years	<b>13,624,284.27</b>	9,365,651.27
4 to 5 years	<b>33,578,749.86</b>	105,161,899.77
Over 5 years	<b>73,187,477.38</b>	71,276,760.38
	<b>2,589,778,132.95</b>	2,010,612,542.44
Provision for bad debts	<b>(111,303,523.71)</b>	(111,097,223.13)
	<b>2,478,474,609.24</b>	1,899,515,319.31

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

	For the six months ended 30 June 2013	2012
At the beginning of the period/year	<b>111,097,223.13</b>	126,632,017.47
Provision for the period/year	<b>1,335,725.68</b>	32,906,268.11
Reversal for the period/year	<b>(710,144.55)</b>	(35,073,970.02)
Write-off for the period/year	–	(9,212,379.78)
Transfer out from disposal of subsidiaries	<b>(419,280.55)</b>	(4,154,712.65)
	<b>111,303,523.71</b>	111,097,223.13
At the end of the period/year	<b>111,303,523.71</b>	111,097,223.13

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

	30 June 2013			
	Book balance		Provision for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision for bad debt	53,231,183.06	2.06	40,297,783.06	75.70
Subject to provision and grouped by aging				
Within 1 year				
(inclusive of 1 year)	1,612,183,175.78	62.25	-	-
1 to 2 years				
(inclusive of 2 years)	9,521,035.47	0.37	2,856,310.64	30.00
2 to 3 years				
(inclusive of 3 years)	7,439,992.38	0.29	4,463,995.43	60.00
3 to 4 years				
(inclusive of 4 years)	1,575,234.52	0.06	1,338,949.34	85.00
4 to 5 years				
(inclusive of 5 years)	1,378,905.97	0.05	1,378,905.97	100.00
Over 5 years	46,105,227.84	1.78	46,105,227.84	100.00
	1,678,203,571.96	64.80	56,143,389.22	
Special credit characteristics group	835,196,935.44	32.25	-	-
Individually not significant but subject to separate provision for bad debts	23,146,442.49	0.89	14,862,351.43	64.21
	<u>2,589,778,132.95</u>	<u>100.00</u>	<u>111,303,523.71</u>	



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

	31 December 2012			
	Book balance		Provision for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision for bad debt	54,231,183.06	2.70	40,297,783.06	74.31
Subject to provision and grouped by aging				
Within 1 year				
(inclusive of 1 year)	978,760,081.60	48.68	–	–
1 to 2 years				
(inclusive of 2 years)	15,319,315.73	0.76	4,595,794.72	30.00
2 to 3 years				
(inclusive of 3 years)	2,358,467.83	0.12	1,415,080.70	60.00
3 to 4 years				
(inclusive of 4 years)	2,122,955.14	0.11	1,804,511.87	85.00
4 to 5 years				
(inclusive of 5 years)	2,538,341.02	0.11	2,538,341.02	100.00
Over 5 years	44,574,259.40	2.22	44,574,259.40	100.00
	1,045,673,420.72	52.00	54,927,987.71	
Special credit characteristics group	872,996,654.08	43.42	–	–
Individually not significant but subject to separate provision for bad debts	37,711,284.58	1.88	15,871,452.36	42.09
	<u>2,010,612,542.44</u>	<u>100.00</u>	<u>111,097,223.13</u>	

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

As at 30 June 2013, other receivables which were individually significant and separately provided for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons
First	33,180,183.06	20,246,783.06	61.02	Partly uncollectible
Second	<u>20,051,000.00</u>	<u>20,051,000.00</u>	100.00	Probably uncollectible
	<u>53,231,183.06</u>	<u>40,297,783.06</u>		

As at 30 June 2013, other receivables which were not individually significant but separately provided for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reasons
First	2,695,880.51	2,695,880.51	100.00	Probably uncollectible
Second	2,596,881.90	438,174.13	16.87	Partly uncollectible
Third	2,179,835.26	2,179,835.26	100.00	Probably uncollectible
Fourth	1,600,000.00	1,600,000.00	100.00	Probably uncollectible
Fifth	1,563,990.61	1,563,990.61	100.00	Probably uncollectible
Others	<u>12,509,854.21</u>	<u>6,384,470.92</u>	51.04	Partly uncollectible
Total	<u>23,146,442.49</u>	<u>14,862,351.43</u>		

For the six months ended 30 June 2013, no significant bad debt provision for other receivables was reversed or recovered.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

For the six months ended 30 June 2013, significant bad debt provision for other receivables reversed or recovered was as follows:

	Reason for reversal or recovery	The basis of original provision for bad debts	Accumulated provision for bad debt made before the reversal	Amount recovered
JinJian (Tianjin) Property Investment Limited	Amount recovered	Uncollectible for a long time	30,788,355.71	29,224,365.10

For the six months ended 30 June 2013, no individually significant other receivables had been written off (2012: nil).

As at 30 June 2013, the top 5 other receivables were as follows:

	Relationship with the Group	Amount	As a percentage Aging (%) of total other receivables
Entity 1	Third party	428,731,546.95	Within 1 year, 2 to 3 years
Entity 2	Third party	290,000,000.00	Within 1 year
Entity 3	Parent Company	111,226,484.82	Within 1 year
Entity 4	Third party	108,880,000.00	1 to 2 years
Entity 5	Third party	100,000,000.00	Within 1 year
		<u>1,038,838,031.77</u>	<u>40.10</u>

As at 30 June 2013, other than the accounts receivable of RMB111,226,484.82 due from BBMG Group (31 December 2012: Nil), there were no accounts receivable from shareholders holding more than 5% or more of the Company's voting rights (31 December 2012: Nil) (Note VI.6).

Other receivables from related parties as at 30 June 2013 and 31 December 2012 are set out in Note VI. Related Party Relationships and Transactions.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 7. Advances to suppliers

An aging analysis of advances to suppliers is as follows:

	30 June 2013		31 December 2012	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	<b>1,111,818,206.63</b>	<b>95.54</b>	862,567,703.50	94.85
1 to 2 years	<b>33,793,304.37</b>	<b>2.90</b>	30,358,878.72	3.34
2 to 3 years	<b>9,494,461.19</b>	<b>0.82</b>	8,936,306.02	0.98
Over 3 years	<b>8,577,613.49</b>	<b>0.74</b>	7,552,252.53	0.83
	<b><u>1,163,683,585.68</u></b>	<b><u>100.00</u></b>	<b><u>909,415,140.77</u></b>	<b><u>100.00</u></b>

As at 30 June 2013, the top 5 advances to suppliers were as follows:

	Relationship with the Group	Amount	Aging	Reasons for being not yet settled
Supplier 1	Third party	80,000,000.00	Within 1 year	Goods not yet received
Supplier 2	Third party	39,145,667.10	Within 1 year	Goods not yet received
Supplier 3	Third party	38,700,000.00	Within 1 year	Goods not yet received
Supplier 4	Third party	30,503,436.60	Within 1 year	Goods not yet received
Supplier 5	Third party	30,000,000.00	Within 1 year	Goods not yet received
		<u>218,349,103.70</u>		

As at 30 June 2013, there was no advances to suppliers paid to shareholders that held 5% or more of the Company's voting rights (31 December 2012: Nil). As at 30 June 2013, there was no individually significant advance to suppliers aging more than one year (31 December 2012: Nil).

The balances of advances to related parties suppliers as at 30 June 2013 and 31 December 2012 are set out in Note VI. Related Party Relationships and Transactions.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 8. INVENTORIES

	30 June 2013		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	971,952,018.26	3,228,859.52	968,723,158.74
Work in progress	768,333,483.39	3,505,925.14	764,827,558.25
Finished goods	482,699,217.67	10,324,538.29	472,374,679.38
Turnover materials	59,238,576.56	256,144.54	58,982,432.02
Trading goods	453,584,592.40	202,618.35	453,381,974.05
Properties under development	26,495,424,383.08	7,169,850.12	26,488,254,532.96
Completed properties held for sale	<u>4,052,942,495.38</u>	–	<u>4,052,942,495.38</u>
	<u><b>33,284,174,766.74</b></u>	<u><b>24,687,935.96</b></u>	<u><b>33,259,486,830.78</b></u>

	31 December 2012		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	938,248,850.81	3,228,859.52	935,019,991.29
Work in progress	722,327,550.36	4,287,515.14	718,040,035.22
Finished goods	595,951,402.58	10,640,251.43	585,311,151.15
Turnover materials	70,211,394.23	256,144.54	69,955,249.69
Trading goods	408,048,203.24	202,618.35	407,845,584.89
Properties under development	25,243,954,002.00	7,169,850.12	25,236,784,151.88
Completed properties held for sale	<u>4,333,934,509.36</u>	–	<u>4,333,934,509.36</u>
	<u><b>32,312,675,912.58</b></u>	<u><b>25,785,239.10</b></u>	<u><b>32,286,890,673.48</b></u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 8. INVENTORIES *(continued)*

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

##### For the six months ended 30 June 2013

	Opening balance	Provision for the period	Decrease in the period			Closing balance
			Disposal of Subsidiaries	Reversal /transfer out	Write-off	
Raw materials	3,228,859.52	-	-	-	-	3,228,859.52
Work in progress	4,287,515.14	-	-	-	781,590.00	3,505,925.14
Finished goods	10,640,251.43	-	-	-	315,713.14	10,324,538.29
Turnover materials	256,144.54	-	-	-	-	256,144.54
Trading goods	202,618.35	-	-	-	-	202,618.35
Properties under development	7,169,850.12	-	-	-	-	7,169,850.12
	<u>25,785,239.10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,097,303.14</u>	<u>24,687,935.96</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 8. INVENTORIES (continued)

(1) The breakdown of cost of properties under development:

Project name	Commencement time	Estimated completion date of the next phase	Aggregate investment	30 June 2013	31 December 2012
Chongqing-Chayuan	December 2011	December 2015	3,946,847,900.00	<b>1,579,138,371.81</b>	1,358,593,107.98
Chongqing-Huangjueya	December 2011	December 2015	4,171,004,500.00	<b>1,795,589,116.98</b>	1,642,045,464.40
Chengdu-Shuangliu	December 2012	October 2014	1,450,000,000.00	<b>653,413,632.43</b>	547,265,466.21
Hangzhou-Banshan Project	November 2012	July 2014	2,216,520,000.00	<b>1,484,214,500.60</b>	1,425,013,511.67
Inner Mongolia-Jinyu Times City	October 2007	June 2016	669,634,340.00	<b>601,341,259.42</b>	397,120,548.38
Hangzhou-Guanlan Times	March 2010	June 2014	4,873,945,342.00	<b>1,207,933,596.54</b>	1,896,847,820.49
Haikou-Meilinghu	August 2011	October 2013	460,000,000.00	<b>69,463,658.94</b>	263,322,074.56
Haikou-Haidianxi	December 2013	December 2016	1,700,000,000.00	<b>557,165,968.68</b>	536,000,000.00
Tangshan-Lefu	June 2011	December 2013	2,478,239,600.00	<b>1,834,975,201.81</b>	1,354,029,808.75
Beijing-Xisanqi Commercial Residential Project	October 2012	October 2014	1,717,830,000.00	<b>998,591,365.72</b>	904,637,288.94
Tianjin-Jinyu Yuecheng	September 2010	December 2015	5,208,000,000.00	<b>2,097,515,673.52</b>	2,229,077,731.87
Beijing-Jinyu Vanke City	March 2008	November 2014	4,011,000,000.00	<b>1,439,811,124.49</b>	1,440,096,211.88
Tianjin-Elegancy City	June 2013	September 2015	2,282,910,000.00	<b>1,037,499,516.11</b>	-
Beijing-Dawayao	-	-	-	<b>210,838,293.41</b>	210,838,293.41
Beijing-Dachengjun	September 2007	October 2013	2,044,000,000.00	-	191,949,430.63
Beijing-Liyuan Jincheng	November 2011	December 2013	1,918,200,000.00	<b>2,320,380,095.13</b>	2,303,294,812.46
Beijing-Guogongzhuang	March 2013	December 2014	1,519,890,000.00	<b>1,264,625,386.83</b>	1,048,771,419.76
Beijing-Chaoyang New City	September 2009	July 2014	2,004,600,000.00	<b>649,356,644.80</b>	538,105,615.47
Beijing-Jinyu Town-House	February 2009	November 2013	593,280,000.00	<b>58,303,277.90</b>	57,586,738.26
Beijing-Dongliu Kanghuiyuan	February 2009	December 2013	1,893,020,000.00	<b>140,568,966.98</b>	135,168,334.65
Beijing-Jinyu Jiaheyuan	March 2012	June 2014	520,000,000.00	<b>288,970,609.66</b>	276,216,629.20
Beijing-Guanlan Times	October 2010	December 2013	1,219,720,000.00	<b>27,569,419.58</b>	1,148,224,453.15
Beijing-Xi Hai'an	August 2012	December 2014	1,140,000,000.00	<b>506,235,064.66</b>	425,744,431.18
Beijing-Yueheyuan	September 2011	September 2013	1,550,000,000.00	<b>825,801,839.19</b>	674,467,635.70
Beijing-Tuqiao Project	October 2009	June 2014	11,625,917,700.00	<b>1,669,189,506.90</b>	1,614,395,747.89
Beijing-Yanshan Affordable Housing	September 2011	May 2014	3,384,510,000.00	<b>1,444,006,276.68</b>	1,278,832,363.89
Beijing-Daxing Cube	November 2011	October 2013	880,000,000.00	<b>501,466,948.98</b>	278,717,835.12
Beijing-Taiheyuan	January 2012	December 2013	1,660,000,000.00	<b>808,329,126.59</b>	709,548,267.28
Beijing-Ruiheyuan	December 2012	December 2014	831,700,000.00	<b>250,895,057.40</b>	163,191,699.21
Qingdao-Site in Jinggangshan Rd.	May 2013	November 2014	220,000,000.00	<b>119,803,900.31</b>	107,434,691.08
Others	-	-	-	<b>45,261,130.91</b>	80,246,718.41
Total				<b>26,488,254,532.96</b>	25,236,784,151.88

As at 30 June 2013, the balance of properties under development included capitalized interest of RMB1,315,120,219.94 (31 December 2012: RMB1,214,794,424.47), of which an amount of RMB280,790,694.89 was capitalized during the current period, and the rate of interest capitalization was 6%.

As at 30 June 2013, properties under development with carrying amount of RMB3,828,253,785.68 (31 December 2012: RMB4,994,957,123.22) were pledged as guarantee for the Group's bank loans (Note V. 21).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 8. INVENTORIES (continued)

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

Project name	Completion date of the latest phase	Opening balance	Increase in the period	Decrease in the period	Closing balance
Beijing-Jinyu Town-House	September 2010	40,563,837.64	-	8,003,092.66	32,560,744.98
Beijing-Chaoyang New City	June 2012	71,993,650.23	-	4,618,678.05	67,374,972.18
Beijing-Miaopu Housing Renovation Project	December 2008	14,671,824.56	-	549,891.99	14,121,932.57
Beijing-Lijingyuan	December 2009	10,566,135.56	-	1,109,468.47	9,456,667.09
Beijing-Meiheyuan	December 2009	7,644,522.06	168,268.92	575,996.10	7,236,794.88
Beijing-Kanghuiyuan	March 2011	369,695,704.20	26,143,775.77	176,497,684.12	219,341,795.85
Beijing-Jiaheyuan	June 2011	4,136,765.09	-	-	4,136,765.09
Beijing-Tuqiao Project	June 2013	323,111,102.41	282,311,615.67	301,139,294.26	304,283,423.82
Beijing-Guanlan Times (觀瀾時代)	June 2013	-	1,185,213,393.63	1,037,818,927.56	147,394,466.07
Tuqiao F3(Ziyouzhu) (土橋F3(自由築))	June 2013	-	799,002,148.82	535,584,399.17	263,417,749.65
Beijing-Jinyu Vanke City	June 2012	7,276,387.64	-	6,899,955.20	376,432.44
Inner Mongolia-Jinyu Times City	December 2012	38,742,528.14	-	8,920,436.00	29,822,092.14
Hangzhou-Guanlan Times	November 2010	1,082,641,576.69	461,602,621.43	390,181,587.47	1,154,062,610.65
Beijing-Chang'an New City	December 2007	108,849,710.93	-	-	108,849,710.93
Beijing-Dachengjun	June 2012	809,763,570.55	-	636,876,257.87	172,887,312.68
Beijing-Dacheng Times Center	September 2010	165,866,005.22	-	-	165,866,005.22
Beijing-Linglong Tiandi	June 2012	25,383,534.57	2,685,914.79	23,350,383.84	4,719,065.52
Beijing-Western Group (西組團) and facilities	January 2013	-	237,186,583.56	119,927,097.97	117,259,485.59
Hainan-Dacheng Business Apartments and Jinpan Kindergarten	September 2007	40,712,088.47	-	-	40,712,088.47
Haikou - Meilinghu	June 2013	-	257,230,199.59	170,761,272.29	86,468,927.30
Tianjin-Jinyu Yuecheng	June 2013	204,058,760.67	345,092,424.88	242,626,488.37	306,524,697.17
Beijing-Jianxinyuan Garden Economical Affordable Housing	December 2008	97,347,905.58	-	-	97,347,905.58
Beijing-Tiantan Kungkuan	June 2008	24,123,221.53	324,877.66	-	24,448,099.19
Tangshan-Jinyu Lefu	October 2012	83,058,319.98	115,601,029.46	87,568,637.04	111,090,712.40
Beijing-Jinyu Feili	December 2012	607,376,190.04	-	290,686,396.58	316,689,793.46
Beijing-I Cube	June 2013	-	204,823,250.04	164,872,376.55	39,950,873.49
Beijing-Dacheng International	December 2011	67,547,463.62	-	-	67,547,463.62
BBMG International (金隅國際)	April 2005	82,155,385.00	-	-	82,155,385.00
Others		46,648,318.98	13,245,198.50	3,054,995.13	56,838,522.35
<b>Total</b>		<b>4,333,934,509.36</b>	<b>3,930,631,302.72</b>	<b>4,211,623,316.69</b>	<b>4,052,942,495.38</b>



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 9. Other current assets

	30 June 2013	31 December 2012
Prepaid income tax	<b>166,130,208.52</b>	183,210,502.54
Land appreciation tax paid	<b>186,176,648.14</b>	111,117,402.18
Prepaid business tax and other tax	<b>799,895,445.31</b>	684,761,106.74
Prepaid expenses	<b>71,664,377.96</b>	19,404,785.19
Amortisation of long-term prepaid expenses within one year	<b>34,009,143.22</b>	25,801,700.06
Others	<b>39,850,895.02</b>	52,582,155.58
	<b><u>1,297,726,718.17</u></b>	<u>1,076,877,652.29</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 10. Investments in jointly-controlled entities and associates

For the six months ended 30 June 2013

	Type of enterprise	Place of registration	Authorised representative	Business nature/ scope of operation	Registered capital RMB thousand	Code of organisation
<b>Jointly-controlled entities</b>						
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	Limited liability	Dachang county	Deng Guangjun	Production of mineral wool acoustic boards	USD54,520	66774000-7
BBMG Zhaode Property Development Co., Ltd. (北京金隅昭德置業有限公司)	Limited liability	Beijing	Huang An' nan	Property development	20,000	68196579-8
BBMG Landao Commercial Operation Management Co., Ltd. (北京金隅藍島商業運營管理有限公司)	Limited liability	Beijing	An Zhiqiang	Commodities retail	6,000	79674055-6
<b>Associates</b>						
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土有限責任公司)	Limited liability	Beijing	Li Jie	Production of various concretes, pumping	55,000	70022904-1
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	Limited liability	Beijing	Deng Guangjun	Production of fiberboard and artificial boards	USD57,380	60004211-6
Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司)	Limited liability	Beijing	Deng Guangjun	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 Yanming	Production of radiators	USD27,500	60005569-7
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	Limited liability	Beijing	Sun Deyang	Production of glass fibers	276,003	70000742-2
OCV Reinforcements (Beijing) Co., Ltd. Production of various (歐文斯科寧複合材料(北京)有限公司)	Limited liability	Beijing	Wang Zhaojia	Production of various concretes, pumping	55,000	60004302-0
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	Limited liability	Beijing	Liu Guosheng	Design and production of complete non-standard control equipment	10,000	67573374-7

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 10. Investments in jointly-controlled entities and associates *(continued)*

For the six months ended 30 June 2013 *(continued)*

	Total assets at end of the period	Total liabilities at end of the period	Total net assets at end of the period	Operation revenue amount for the period	Net profit/(loss) amount for the period
<b>Jointly-controlled entities</b>					
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	430,964,909.39	270,162,910.94	160,801,998.45	89,866,364.27	(28,688,265.72)
BBMG Zhaode Property Development Co., Ltd. (北京金隅昭德置業有限公司)	20,000,000.00	–	20,000,000.00	–	–
BBMG Landao Commercial Operation Management Co., Ltd. (北京金隅藍島商業運營管理有限公司)	21,021,352.04	13,327,863.72	7,693,488.32	73,766,080.98	1,024,386.04
<b>Associates</b>					
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土有限責任公司)	631,559,924.15	531,712,286.37	99,847,637.78	238,631,801.56	1,217,103.18
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	434,972,309.63	86,265,751.62	348,706,558.01	146,741,125.45	(18,607,900.23)
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	–	–	–	–	–
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	686,996,338.62	357,128,854.74	329,867,483.88	73,097,130.72	(19,160,347.94)
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	30,688,166.28	4,801,138.20	25,887,028.08	23,651,314.47	(221,186.69)
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科寧複合材料(北京)有限公司)	340,304,528.56	76,737,745.79	263,566,782.77	120,518,329.65	1,902,557.18
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德技術有限公司)	66,685,770.16	49,611,924.63	17,046,845.53	37,374,957.13	507,011.57

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 11. Long-term equity investments

	30 June 2013	31 December 2012
Long-term equity investments under equity method	<b>386,842,245.95</b>	413,411,839.00
Long-term equity investments under cost method	<b>11,610,634.79</b>	17,939,084.80
	<b>398,452,880.74</b>	431,350,923.80
Less: Provisions for impairment of long-term investments	<b>(11,482,553.21)</b>	(11,482,553.21)
	<b>386,970,327.53</b>	419,868,370.59

#### For the six months ended 30 June 2013

	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
Equity method:								
<b>Jointly-controlled entities</b>								
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築 材料有限公司)								
	184,628,800.88	94,745,132.09	(14,344,132.86)	80,400,999.23	50.00	50.00	-	-
BBMG Landao Commercial Operation Management Co., Ltd. (北京藍島金隅商業 運營管理有限公司)								
	3,758,666.48	4,551,378.08	(704,633.92)	3,846,744.16	50.00	50.00	-	1,216,826.94
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	109,296,510.17	(15,048,766.78)	94,247,743.39			-	1,216,826.94

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 11. Long-term equity investments (continued)

For the six months ended 30 June 2013 (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
Equity method: (continued)								
<b>Associates</b>								
Beijing Gaoqiang Concrete Co., Ltd. (北京市高強混凝土 有限責任公司)	15,723,518.14	24,657,633.65	304,275.80	24,961,909.45	25.00	25.00	-	-
Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板 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	110,194,337.47	(5,582,370.07)	104,611,967.40	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	93,190,431.09	(5,115,812.90)	88,074,618.19	26.70	26.70	-	-
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工 有限公司)	9,921,366.40	11,748,696.65	(99,534.01)	11,649,162.64	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	52,332,845.11	380,511.44	52,713,356.55	20.00	20.00	-	-
Beijing Sinobaide Technology Co., Ltd. (北京金時佰德 技術有限公司)	4,950,548.24	6,521,950.19	(1,407,896.53)	5,114,053.66	30.00	30.00	-	1,560,000.00
Subtotal	325,343,043.65	304,115,328.83	(11,520,826.27)	292,594,502.56			5,469,434.67	1,560,000.00
Total under equity method	523,730,511.01	413,411,839.00	(26,569,593.05)	386,842,245.95			5,469,434.67	2,776,826.94

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 11. Long-term equity investments (continued)

For the six months ended 30 June 2013 (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
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	-	-	-	-
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 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	-	-	-
Beijing Xinchen Ceramic Fiber Products Corp. (北京新辰陶瓷 纖維製品公司)	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	-	-	-	-
** 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)	-	95.85	95.85	-	-
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. (海南帝豪傢俱公司)	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	17,939,084.80	17,939,084.80	(6,328,450.01)	11,610,634.79			6,013,118.54	-
	541,669,595.81	431,350,923.80	(32,898,043.06)	398,452,880.74			11,482,553.21	2,776,826.94

The long-term equity investments of the Group as at 30 June 2013 and 31 December 2012 were unlisted investments.

\* The reasons for holding more than 50% of the interests in the above companies but without having control are set out in Note IV.2.

\*\* During the period, the Group gained control of Chengde BBMG Cement Co., Ltd. through capital injection and has included that entity into the scope of consolidation.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 12. Investment properties

For the six months ended 30 June 2013

	Opening balance	Increase in the period		Decrease in the period		Closing balance
		Addition	Transferred from self-occupied properties or inventories (Note)	Gains from changes in fair value	Disposed	
Cost						
Buildings	6,334,868,826.24	70,000.00	5,342,485.87	-	-	6,340,281,312.11
Changes in fair value						
Buildings	6,505,531,173.76	-	3,794,773.35	320,192,740.78	-	6,829,518,687.89
Carrying amount						
Buildings	12,840,400,000.00	70,000.00	9,137,259.22	320,192,740.78	-	13,169,800,000.00

In light of the new leasing contracts and leasing areas, certain properties were transferred from inventories to investment properties during the period. The difference between the appraised value at the time of transfer and the carrying amount was recognised as capital reserves. Please refer to Note V.55.

All the above investment properties are located in the PRC, and held under mid-term leases.

The Group's investment properties were valued by Savills Valuation and Professional Services Limited, an independent valuer with professional qualification, on an open market existing use basis, the appraised value of which as at 30 June 2013 was RMB13,169,800,000.00 (31 December 2012: RMB12,840,400,000.00).

As at 30 June 2013, procedures for the title certificates for the investment properties with carrying amount of approximately RMB305,600,000.00 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 the relevant titles. The management of the Company is of the view that the Group has the right to occupy and use the above properties legally and validly.

As at 30 June 2013, the investment properties with carrying amount of RMB846,900,000.00 were pledged as securities for the entrusted loans of BBMB Group, the parent company (31 December 2012: RMB821,900,000.00) (Note V.21 and Note VI.5(4)) and the investment properties with carrying amount of RMB539,900,000.00 (31 December 2012: RMB537,100,000.00) were pledged as securities for the bank loans of the Group (Note V.21).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 13. Fixed assets

	Opening balance	Increase in the period	Decrease in the period	Closing balance
<b>Cost</b>				
Buildings	10,365,385,759.55	353,326,667.13	315,170,422.22	10,403,542,004.46
Machinery equipment	9,838,696,001.06	487,801,813.06	95,053,245.38	10,231,444,568.74
Transporting equipment	919,252,096.85	37,908,633.49	13,049,864.79	944,110,865.55
Electronic equipment	226,583,175.83	9,298,908.05	2,064,359.28	233,817,724.60
Office equipment	225,871,588.36	5,951,302.41	6,119,332.85	225,703,557.92
	<u>21,575,788,621.65</u>	<u>894,287,324.14</u>	<u>431,457,224.52</u>	<u>22,038,618,721.27</u>
<b>Accumulated depreciation</b>				
Buildings	2,087,587,692.71	180,386,604.12	32,235,373.96	2,235,738,922.87
Machinery equipment	3,318,511,940.79	284,906,211.62	61,315,607.06	3,542,102,545.35
Transporting equipment	398,932,915.50	45,563,944.43	9,263,676.89	435,233,183.04
Electronic equipment	153,825,228.81	17,920,040.71	1,980,251.32	169,765,018.20
Office equipment	142,291,715.96	1,919,685.19	5,436,273.76	138,775,127.39
	<u>6,101,149,493.77</u>	<u>530,696,486.07</u>	<u>110,231,182.99</u>	<u>6,521,614,796.85</u>
<b>Net book value</b>				
Buildings	8,277,798,066.84			8,167,803,081.59
Machinery equipment	6,520,184,060.27			6,689,342,023.39
Transporting equipment	520,319,181.35			508,877,682.51
Electronic equipment	72,757,947.02			64,052,706.40
Office equipment	83,579,872.40			86,928,430.53
	<u>15,474,639,127.88</u>			<u>15,517,003,924.42</u>
<b>Provision for impairment</b>				
Buildings	40,914,492.85	-	40,353,540.08	560,952.77
Machinery equipment	93,343,134.36	-	6,191,784.35	87,151,350.01
Transporting equipment	6,849,306.02	-	147,684.39	6,701,621.63
Electronic equipment	923,695.86	-	-	923,695.86
Office equipment	1,457,867.99	-	876,840.31	581,027.68
	<u>143,488,497.08</u>	<u>-</u>	<u>47,569,849.13</u>	<u>95,918,647.95</u>
<b>Carrying amount</b>				
Buildings	8,236,883,573.99			8,167,242,128.82
Machinery equipment	6,426,840,925.91			6,602,190,673.38
Transporting equipment	513,469,875.33			502,176,060.88
Electronic equipment	71,834,251.16			63,129,010.54
Office equipment	82,122,004.41			86,347,402.85
	<u>15,331,150,630.80</u>			<u>15,421,085,276.47</u>



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

The amount of depreciation provided for the six months ended 30 June 2013 was RMB530,696,486.07 (for the six months ended 30 June 2012: RMB509,581,292.30). The amount transferred to cost of fixed assets from construction in progress for the period was RMB635,780,516.18 (for the six months ended 30 June 2013: RMB472,009,297.66).

As at 30 June 2013, the buildings with carrying amount of RMB8,141,747.38 were pledged as securities for bank loans of the Group (31 December 2012: RMB8,527,994.62) (Note V.21).

As at 30 June 2013, the Group had no temporarily idle fixed assets, and no fixed assets acquired under finance leases (31 December 2012: nil).

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

	<b>30 June 2013</b>	31 December 2012
	<b>Carrying amount</b>	Carrying amount
Buildings	<b>717,428,494.94</b>	725,464,921.56
Machinery equipment	<b>418,359,504.85</b>	437,166,233.76
Total	<b><u>1,135,787,999.79</u></b>	<u>1,162,631,155.32</u>

As at 30 June 2013, there was no incomplete procedure for the title certificates of fixed assets (31 December 2012: nil).

As at 30 June 2013, there was no fixed asset held for sale.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 14. Construction in progress

	30 June 2013			31 December 2012		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Beijing Liulhe Cement						
– Project concerning comprehensive utilisation of fly ash	-	-	-	51,930,432.60	-	51,930,432.60
– Southern desulfuration gypsum repository project	12,387,367.22	-	12,387,367.22	12,387,367.22	-	12,387,367.22
Luquan BBMG Dingxin						
– Stripping of 1st/2nd sub orebody	54,189,116.38	-	54,189,116.38	34,716,831.62	-	34,716,831.62
– Upgrading on raw mill into roll mill	20,203,820.93	-	20,203,820.93	-	-	-
Cangzhou Lingang BBMG Cement						
– Mixing Plant	3,421,036.82	-	3,421,036.82	13,929,104.07	-	13,929,104.07
– Storage tank of fly ash	585,480.92	-	585,480.92	12,955,854.09	-	12,955,854.09
Baoding Taihang Heyi						
– Limestone project	141,494,032.50	-	141,494,032.50	119,179,342.02	-	119,179,342.02
Handan BBMG Taihang						
– Cement grinding	27,053,144.93	-	27,053,144.93	25,635,084.70	-	25,635,084.70
– Technological improvement in energy-saving and consumption reduction of cement mill	14,104,716.00	-	14,104,716.00	-	-	-
– Upgrading on 5 # kiln feed homogenising silo	11,673,000.00	-	11,673,000.00	-	-	-
Zanhuang BBMG						
– The third phase project	82,211,762.33	-	82,211,762.33	770,337.70	-	770,337.70
Zhangjiakou BBMG						
– Works for cement grinding station with capacity of 1 million tonnes	76,195,368.12	-	76,195,368.12	68,097,901.80	-	68,097,901.80
Bio-Island						
– Equipment for soil restoration	12,917,901.00	-	12,917,901.00	8,917,901.00	-	8,917,901.00
Bio-Island						
– Pretreatment project	12,187,806.49	-	12,187,806.49	8,140,773.83	-	8,140,773.83
Tianjin Zhenxing						
– Energy-saving technological improvement of line one of cement mill	38,246,556.57	-	38,246,556.57	38,246,556.57	-	38,246,556.57
– Upgrading on general step-down station	15,100,653.98	-	15,100,653.98	-	-	-
Qinyang BBMG						
– Clinker production line	44,844,162.40	-	44,844,162.40	11,297,540.06	-	11,297,540.06
BBMG Mineral Industry						
– Integration of non-coal mines in Fangshan District	63,805,468.37	-	63,805,468.37	42,377,141.36	-	42,377,141.36
Beijing Cement Plant						
– Demonstration project for brickmaking by stone crusher	26,122,332.35	-	26,122,332.35	20,217,391.06	-	20,217,391.06
– 3# upgrading cement grinding to combined grinding	32,348,836.32	-	32,348,836.32	-	-	-

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

	30 June 2013			31 December 2012		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Zuoquan BBMG						
– Clinker cement production line with capacity of 2500 tonnes per day	522,558,019.61	-	522,558,019.61	464,119,740.91	-	464,119,740.91
Xuanhua BBMG						
– 2500 tonnes cement production line by utilisation of carbide slag	474,238,941.96	-	474,238,941.96	424,949,649.94	-	424,949,649.94
Beijing Xingfa						
– Energy-saving improvement of cement grinding system	15,161,219.73	-	15,161,219.73	9,448,277.56	-	9,448,277.56
Chengde BBMG						
– 4000 tonnes clinker cement production line	248,352,782.00	-	248,352,782.00	-	-	-
Guangling Jinyu						
– Clinker cement production line	-	-	-	107,867,495.19	-	107,867,495.19
Doudian						
– Fire protection detection project	11,100,228.65	-	11,100,228.65	8,594.32	-	8,594.32
Doudian						
– Capacity expansion of power station	10,069,894.04	-	10,069,894.04	-	-	-
Jinyu Energy-Saving						
– Mineral wool project	128,475,277.80	-	128,475,277.80	100,906,598.64	-	100,906,598.64
Beijing BBMG Coating						
– Dachang base project	11,592,555.44	-	11,592,555.44	27,357,384.93	-	27,357,384.93
BBMG (Dachang) New Building Materials						
– Mineral wool project, Alavus project	52,513,083.13	-	52,513,083.13	42,247,587.93	-	42,247,587.93
Beijing Alavus						
– Alavus project	-	-	-	23,089,647.23	-	23,089,647.23
BBMG Fengshan Hot Spring Resort						
– Hotel decoration project	14,339,745.85	-	14,339,745.85	7,028,601.70	-	7,028,601.70
BBMG						
– Huanmao decoration project	-	-	-	104,753,257.68	-	104,753,257.68
BBMG						
– Decoration improvements project in Xiaohuangzhuang	-	-	-	47,664,623.90	-	47,664,623.90
Others	359,609,261.34	8,717,380.85	350,891,880.49	326,970,969.65	8,717,380.85	318,253,588.80
	<b>2,537,103,573.18</b>	<b>8,717,380.85</b>	<b>2,528,386,192.33</b>	<b>2,155,211,989.28</b>	<b>8,717,380.85</b>	<b>2,146,494,608.43</b>

As at 30 June 2013, none of the construction in progress of the Group had restrictions in its ownership (31 December 2012: nil).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

Projects	Budget RMB thousand	Opening balance	Increase in the period	Transferred to fixed assets in the period	Closing balance	Source of of funding	Percentage of project in budget %
Beijing Lulihe Cement							
– Project concerning comprehensive utilisation of fly ash	61,290.00	51,930,432.60	8,394,693.15	60,325,125.75	–	self-financing	100.00
– Southern desulfuration gypsum repository project	14,400.00	12,387,367.22	–	–	12,387,367.22	self-financing	86.02
Luquan BBMG Dingxin							
– Stripping of 1st/2nd sub orebody	100,000.00	34,716,831.62	19,472,284.76	–	54,189,116.38	self-financing	54.19
– Upgrading on raw mill into roll mill	31,600.00	–	20,203,820.93	–	20,203,820.93	self-financing	63.94
Cangzhou Lingang BBMG Cement							
– Mixing Plant	24,121.00	13,929,104.07	10,212,608.95	20,720,676.20	3,421,036.82	self-financing	99.00
– Storage tank of fly ash	19,910.00	12,955,854.09	5,627,364.56	17,997,737.73	585,480.92	self-financing	99.00
Baoding Taihang Heyi							
– Limestone project	110,184.00	119,179,342.02	22,314,690.48	–	141,494,032.50	borrowing	100.00
Handan BBMG Taihang							
– Cement grinding	57,915.00	25,635,084.70	1,418,060.23	–	27,053,144.93	self-financing	46.71
– Technological improvement in energy-saving and consumption reduction of cement mill	57,915.00	–	14,104,716.00	–	14,104,716.00	self-financing	24.35
– Upgrading on 5# kiln feed homogenizing silo	11,850.00	–	11,673,000.00	–	11,673,000.00	self-financing	98.51
Zanhuang BBMG							
– The third phase project	86,510.00	770,337.70	81,441,424.63	–	82,211,762.33	borrowing	95.03
Zhangjiakou BBMG Cement							
– Works for cement grinding station with capacity of 1 million tonnes	85,759.00	68,097,901.80	8,097,466.32	–	76,195,368.12	self-financing	88.85
Bio-Island							
– Equipment for soil restoration	12,918.00	8,917,901.00	4,000,000.00	–	12,917,901.00	self-financing	99.00
Bio-Island							
– Pretreatment project	25,460.00	8,140,773.83	4,047,032.66	–	12,187,806.49	self-financing	47.87
Tianjin Zhenxing							
– Energy-saving technological improvement of line one of cement mill	40,730.00	38,246,556.57	–	–	38,246,556.57	self-financing	93.90
– Upgrading on general step-down station	13,800.00	–	15,100,653.98	–	15,100,653.98	self-financing	100.00

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

Projects	Budget RMB thousand	Opening balance	Increase in the period	Transferred to fixed assets in the period	Closing balance	Source of of funding	Percentage of project in budget %
Qinyang BBMG							
– Clinker production line	44,580.00	11,297,540.06	33,546,622.34	–	44,844,162.40	self-financing	100.00
BBMG Mineral Industry							
– Integration of non-coal mines in Fangshan District	157,920.00	42,377,141.36	21,428,327.01	–	63,805,468.37	borrowing	40.40
Beijing Cement Plant							
– Demonstration project for brickmaking by stone crusher	25,000.00	20,217,391.06	7,034,941.29	1,130,000.00	26,122,332.35	self-financing	100.00
– 3# upgrading cement grinding to combined grinding	25,000.00	–	32,348,836.32	–	32,348,836.32	self-financing	100.00
Zuoquan BBMG Cement							
– Clinker cement production line with capacity of 2500 tonnes per day	545,420.00	464,119,740.91	58,438,278.70	–	522,558,019.61	borrowing	95.81
Xuanhua BBMG Cement							
– 2500 tonnes cement production line by utilisation of carbide slag	434,000.00	424,949,649.94	49,289,292.02	–	474,238,941.96	borrowing	100.00
Beijing Xingfa Cement							
– Energy-saving improvement of cement grinding system	17,600.00	9,448,277.56	5,712,942.17	–	15,161,219.73	self-financing	86.14
Chengde BBMG Cement							
– 4000T clinker cement production line	833,941.00	–	248,352,782.00	–	248,352,782.00	self-financing	29.78
Guangling Jinyu Cement							
– Clinker cement production line	385,840.00	107,867,495.19	196,534,333.67	304,402,028.86	–	borrowing	100.00
Doudian							
– Fire protection detection project	36,000.00	8,594.32	11,091,634.33	–	11,100,228.65	borrowing	30.83
Doudian							
– Capacity expansion of power station	15,000.00	–	10,069,894.04	–	10,069,894.04	borrowing	67.13
Jinyu Energy-Saving							
– Mineral wool project	193,300.00	100,906,598.64	27,568,679.16	–	128,475,277.80	self-financing	66.46
Beijing BBMG Coating							
– Dachang base project	36,080.00	27,357,384.93	308,904.09	16,073,733.58	11,592,555.44	self-financing	32.13

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

Projects	Budget RMB thousand	Opening balance	Increase in the period	Transferred to fixed assets in the period	Closing balance	Source of of funding	Percentage of project in budget %
BBMG (Dachang) New							
Building Materials							
– Mineral wool project,							
Alavus project	100,500.00	42,247,587.93	10,265,495.20	–	52,513,083.13	self-financing	52.25
Beijing Alavus							
– Alavus project	315,000.00	23,089,647.23	–	23,089,647.23	–	self-financing	100.00
BBMG Fengshan Hot Spring Resort							
– Hotel decoration project	90,000.00	7,028,601.70	7,311,144.15	–	14,339,745.85	self-financing	15.93
BBMG							
– Huanmao decoration project	130,000.00	104,753,257.68	1,973,284.38	106,726,542.06	–	self-financing	100.00
BBMG							
– Decoration improvements							
project in Xiaohuangzhuang	50,000.00	47,664,623.90	11,035,376.10	58,700,000.00	–	self-financing	100.00
Others		326,970,969.65	59,253,316.46	26,615,024.77	359,609,261.34		
		<u>2,155,211,989.28</u>	<u>1,017,672,100.08</u>	<u>635,780,516.18</u>	<u>2,537,103,573.18</u>		

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

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

##### For the six months ended 30 June 2013

	Progress of works (%)	Accumulated amount of interest capitalised	Of which: Interest capitalised for the period	Rate of interest for the period (%)
Baoding Taihang Heyi – Limestone project	99.00	4,183,186.66	1,154,676.66	6.00
Zanhuang BBMG – The third phase project	51.21	642,927.10	642,927.10	6.00
BBMG Mineral Industry – Integration of non-coal mines in Fangshan District	98.51	28,697,387.74	10,283,989.78	6.00
Zuoquan BBMG – Clinker cement production line with capacity of 2500 tonnes per day	99.00	9,642,908.01	9,642,908.01	6.00
Xuanhua BBMG – 2500 tonnes cement production line by utilisation of carbide slag	95.81	37,622,182.73	12,425,472.24	6.00
Guangling Jinyu – Clinker cement production line	100.00	8,333.34	8,333.34	6.00
Guangling Jinyu – Cogeneration	100.00	300,149.04	300,149.04	6.00
Doudian – Fire protection detection project	80.00	69,894.04	69,894.04	6.00
Doudian – Capacity expansion of power station	80.00	44,605.96	44,605.96	6.00
Total		<u>81,211,574.62</u>	<u>34,572,956.17</u>	

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013:

	Opening balance	Increase in the period	Decrease in the period	Closing balance	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 in technological upgrading
Beijing BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司) – New countryside bulk cement logistics distribution	751,763.47	–	–	751,763.47	It is expected it can not turn into 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 2013

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Special-purpose materials	18,626,931.02	40,624,297.75	40,612,212.53	18,639,016.24
Special-purpose equipment	5,009,744.07	4,040,253.25	379,411.98	8,670,585.34
Equipment and instruments	3,351,028.42	–	3,339,380.34	11,648.08
Provision for impairment	<u>(12,705,917.71)</u>	<u>–</u>	<u>–</u>	<u>(12,705,917.71)</u>
	<u>14,281,785.80</u>	<u>44,664,551.00</u>	<u>44,331,004.85</u>	<u>14,615,331.95</u>



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 16. Intangible assets

For the six months ended 30 June 2013

	Opening balance	Increase in the period	Decrease in the period	Closing balance
<b>Cost</b>				
Land use rights	3,163,974,686.65	65,114,233.04	19,371,952.38	3,209,716,967.31
Computer software licences	30,682,423.29	195,178.47	–	30,877,601.76
Mining rights	878,342,159.80	62,477,076.00	–	940,819,235.80
Trademark rights	16,670,000.00	–	–	16,670,000.00
Others	100,340,166.86	–	754,325.58	99,585,841.28
	<u>4,190,009,436.60</u>	<u>127,786,487.51</u>	<u>20,126,277.96</u>	<u>4,297,669,646.15</u>
<b>Accumulated amortisation</b>				
Land use rights	405,206,991.21	34,949,623.43	1,920,421.29	438,236,193.35
Computer software licences	14,575,686.45	1,921,966.20	–	16,497,652.65
Mining rights	75,194,450.23	8,098,183.83	–	83,292,634.06
Trademark rights	–	–	–	–
Others	40,656,428.73	954,180.60	542,661.60	41,067,947.73
	<u>535,633,556.62</u>	<u>45,923,954.06</u>	<u>2,463,082.89</u>	<u>579,094,427.79</u>
<b>Net book value</b>				
Land use rights	2,758,767,695.44			2,771,480,773.96
Computer software licences	16,106,736.84			14,379,949.11
Mining rights	803,147,709.57			857,526,601.74
Trademark rights	16,670,000.00			16,670,000.00
Others	59,683,738.13			58,517,893.55
	<u>3,654,375,879.98</u>			<u>3,718,575,218.36</u>
<b>Provision for impairment</b>				
Land use rights	6,340,399.11	–	6,340,399.11	–
Computer software licences	–	–	–	–
Mining rights	40,043,841.71	–	–	40,043,841.71
Trademark rights	5,000,000.00	–	–	5,000,000.00
Others	2,310,000.00	–	–	2,310,000.00
	<u>53,694,240.82</u>	<u>–</u>	<u>6,340,399.11</u>	<u>47,353,841.71</u>
<b>Carrying amount</b>				
Land use rights	2,752,427,296.33			2,771,480,773.96
Computer software licences	16,106,736.84			14,379,949.11
Mining rights	763,103,867.86			817,482,760.03
Trademark rights	11,670,000.00			11,670,000.00
Others	57,373,738.13			56,207,893.55
	<u>3,600,681,639.16</u>			<u>3,671,221,376.65</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

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

	30 June 2013	31 December 2012
Less than 50 years	<b>2,762,728,899.78</b>	2,743,675,422.15
Longer than 50 years (inclusive)	<b>8,751,874.18</b>	8,751,874.18
Total	<b><u>2,771,480,773.96</u></b>	<b><u>2,752,427,296.33</u></b>

For the six months ended 30 June 2013, the amortisation amount of intangible assets was RMB45,923,954.06 (For the six months ended 30 June 2012: RMB38,557,168.11).

As at 30 June 2013, the useful life of trademark rights with an original carrying amount of RMB16,670,000.00 was indefinite (31 December 2012: RMB16,670,000.00). The Group can apply for extension at the end of the expiration of protection periods of trademark rights with lower handling fees, and according to comprehensive judgment of product life cycle, market conditions and other factors, these trademark rights will bring economic benefits to the Group during indefinite periods.

As at 30 June 2013, the Group had no intangible assets the ownership of which was subject to restrictions (31 December 2012: nil).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 17. Goodwill

Asset group	30 June 2013	31 December 2012
Luquan BBMG Dingxin Cement Co., Ltd.	<b>189,815,999.91</b>	189,815,999.91
Gongyi Tongda Zhongyuan Refractory Testing Centre Co., Ltd.	<b>3,967,009.95</b>	3,967,009.95
Handan BBMG Taihang Cement Co., Ltd.	<b>26,884,752.28</b>	26,884,752.28
Beijing Taihang Qianjing Cement Co., Ltd.	<b>9,482,871.64</b>	9,482,871.64
Baoding Taihang Heyi Cement Co., Ltd.	<b>11,428,946.82</b>	11,428,946.82
Handan Taihang Cement Co., Ltd.	<b>522,323.32</b>	522,323.32
Beijing Qianglian Cement Co., Ltd.	<b>2,742,710.29</b>	2,742,710.29
Tianjin Zhenxing Cement Co., Ltd.	<b>10,931,009.96</b>	10,931,009.96
Handan Shexian BBMG Cement Co., Ltd.	<b>56,276,121.38</b>	56,276,121.38
	<b><u>312,051,745.55</u></b>	<u>312,051,745.55</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%-15% (2012: 13%-15%). The estimated cash flows of these assets groups in five years are measured at a fixed growth rate of 1% per annum (2012: 1%). 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 2013

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

#### 18. Long-term deferred expenditures

For the six months ended 30 June 2013

	Opening balance	Increase in the period	Amortisation for the period	Closing balance
Decoration	80,557,988.03	13,013,693.03	11,655,088.40	81,916,592.66
Leasehold improvement for fixed assets rented	9,619,087.59	164,711.65	2,005,118.18	7,778,681.06
Land lease prepayments	14,249,192.39	2,015,000.00	851,681.93	15,412,510.46
Cost of stripping mines	45,898,433.37	-	1,500,431.11	44,398,002.26
Others	64,705,560.80	6,481,099.81	6,889,077.94	64,297,582.67
	<u>215,030,262.18</u>	<u>21,674,504.49</u>	<u>22,901,397.56</u>	<u>213,803,369.11</u>
Less: amount amortised within one year and categorised as current assets	<u>25,801,700.06</u>			<u>34,009,143.22</u>
	<u>189,228,562.12</u>			<u>179,794,225.89</u>

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

Deferred tax assets and deferred tax liabilities are as follows:

Recognised deferred tax assets and liabilities:

	30 June 2013	31 December 2012
Deferred income tax assets		
Provision for LAT	<b>375,737,684.10</b>	341,382,820.54
Deductible tax losses	<b>67,038,143.83</b>	44,001,525.14
Provisions for impairment of assets	<b>91,655,689.09</b>	98,891,379.22
Accrual of property development cost	<b>179,847,353.58</b>	215,015,749.31
Unrealised profits and losses of internal transactions	<b>439,948,399.93</b>	482,470,310.49
Others	<b>23,620,205.95</b>	24,005,557.79
	<u><b>1,177,847,476.48</b></u>	<u>1,205,767,342.49</u>
Deferred income tax liabilities		
Revaluation of investment properties	<b>1,472,860,136.01</b>	1,392,353,493.43
Differences arising from deductible depreciation expenses	<b>311,861,466.72</b>	313,733,206.95
Fair value adjustment arising from business combination	<b>241,898,835.91</b>	242,290,809.00
Others	<b>176,949,260.70</b>	41,615,707.64
	<u><b>2,203,569,699.34</b></u>	<u>1,989,993,217.02</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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:

Amount of temporary differences

	30 June 2013	31 December 2012
Deductible differences:		
Provision for LAT	<b>1,502,950,736.40</b>	1,365,531,282.16
Deductible tax losses	<b>268,152,575.32</b>	176,006,100.56
Provision for impairment of assets	<b>366,622,756.36</b>	395,565,516.88
Accrual of property development cost	<b>719,389,414.32</b>	860,062,997.24
Unrealised profits and losses of internal transactions	<b>1,759,793,599.72</b>	1,929,881,241.96
Others	<b>94,480,823.80</b>	96,022,231.16
	<b><u>4,711,389,905.92</u></b>	<b><u>4,823,069,369.96</u></b>
Taxable differences:		
Revaluation of investment properties	<b>5,893,401,487.85</b>	5,569,413,973.72
Differences arising from deductible depreciation expenses	<b>1,247,445,866.88</b>	1,254,932,827.80
Fair value adjustment arising from business combination	<b>967,595,343.64</b>	969,163,236.00
Others	<b>705,836,098.99</b>	166,462,830.56
	<b><u>8,814,278,797.36</u></b>	<b><u>7,959,972,868.08</u></b>

Unrecognised income deferred tax assets are as follows:

	30 June 2013	31 December 2012
Deductible tax losses	<b>612,289,764.87</b>	393,259,968.04
Deductible temporary differences	<b>222,526,278.76</b>	250,808,757.91
	<b><u>834,816,043.63</u></b>	<b><u>644,068,725.95</u></b>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

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

	30 June 2013	31 December 2012
2013	<b>13,627,201.55</b>	13,627,201.55
2014	<b>33,833,624.49</b>	33,833,624.49
2015	<b>43,515,892.45</b>	43,515,892.45
2016	<b>123,304,990.50</b>	123,304,990.50
2017	<b>178,978,259.05</b>	178,978,259.05
2018	<b>219,029,796.83</b>	—
	<b>612,289,764.87</b>	<b>393,259,968.04</b>

#### 20. Provisions for assets impairment

For the six months ended 30 June 2013

	Opening balance	Provision for the period	Disposal of Subsidiaries	Reversal for the period	Write-off for the period	Closing balance
Provision of bad debts:	402,340,924.83	12,084,288.88	419,280.55	24,477,461.36	1,245,714.08	388,282,757.72
Of which: Accounts receivable	291,243,701.70	10,748,563.20	—	23,767,316.81	1,245,714.08	276,979,234.01
Other receivables	111,097,223.13	1,335,725.68	419,280.55	710,144.55	—	111,303,523.71
Provision for decline in value of inventories	25,785,239.10	—	—	—	1,097,303.14	24,687,935.96
Provision for impairment of long-term equity investments	11,482,553.21	—	—	—	—	11,482,553.21
Provision for impairment of fixed assets	143,488,497.08	—	7,315,610.12	—	40,254,239.01	95,918,647.95
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	53,694,240.82	—	6,340,399.11	—	—	47,353,841.71
	<b>658,214,753.60</b>	<b>12,084,288.88</b>	<b>14,075,289.78</b>	<b>24,477,461.36</b>	<b>42,597,256.23</b>	<b>589,149,035.11</b>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 21. Assets with title restrictions

For the six months ended 30 June 2013

	Opening balance	Increase in the period	Decrease in the period	Closing balance	Note
Pledged assets:					
Bills Receivable	-	14,750,000.00	-	14,750,000.00	
Accounts Receivable	30,808,880.00	-	30,808,880.00	-	
Inventories	4,994,957,123.22	-	1,166,703,337.54	3,828,253,785.68	(1)
Fixed assets	8,527,994.62	-	386,247.24	8,141,747.38	(1)
Investment properties	1,359,000,000.00	27,800,000.00	-	1,386,800,000.00	(1)
Assets whose titles are restricted for other reasons –					
Cash and bank balances					
Guarantee deposit for L/C	39,206,299.85	-	39,176,299.85	30,000.00	
Quality/performance deposits	51,951,332.14	-	4,229,890.59	47,721,441.55	
Guarantee deposits					
for acceptance bills	156,133,605.34	-	40,521,499.95	115,612,105.39	
Restricted fund of					
property pre-sale funds	2,052,501,646.63	1,081,123,019.16	-	3,133,624,665.79	(2)
Other restricted cash	48,598,552.29	54,942,825.60	-	103,541,377.89	
	<u>8,741,685,434.09</u>	<u>1,178,615,844.76</u>	<u>1,281,826,155.17</u>	<u>8,638,475,123.68</u>	

Note:

- (1) As at 30 June 2013, inventories with a carrying amount of RMB3,828,253,785.68, fixed assets with a carrying amount of RMB8,141,747.38 and investment properties with a carrying amount of RMB1,386,800,000.00 were pledged as securities for the bank borrowings of RMB2,880,455,904.61 of the Group and debts of RMB800,000,000.00 of BBMG Group, the parent company (Note V.8, 12 and 13).
- (2) In accordance with relevant rules, property developers shall place all the funds for pre-sales of commodity houses in specially designated bank accounts for supervision of funds for pre-sales of properties. The funds can only be used for construction projects. Written application shall be made to the supervisory bank before the use of the funds.
- (3) As at 30 June 2013, the carrying amount of restricted cash and bank balances of the Group was RMB3,400,529,590.62 (Note V.1).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 22. Short-term loans

	30 June 2013	31 December 2012
Pledged loans	–	30,808,880.00
Mortgaged loans	–	250,000,000.00
Guaranteed loans (Note 1)	<b>590,000,000.00</b>	799,978,000.00
Credit loans	<b>10,660,500,000.00</b>	10,307,500,000.00
	<b>11,250,500,000.00</b>	11,388,286,880.00

Note 1: As at 30 June 2013, balances of RMB90,000,000.00 in the guaranteed loans were guaranteed by BBMG Group, while the remaining was guaranteed by the Company and its subsidiaries.

As at 30 June 2013, the above loans bore an interest rate of 5% – 7.22% per annum.

As at 30 June 2013, the Group had no outstanding short-term loans that were due.

As at 30 June 2013, The Group's short-term credit loans with balances of RMB3,520,000,000.00 were entrusted loans from BBMG Group.

#### 23. Bills payable

	30 June 2013	31 December 2012
Bank acceptance bills	<b>331,763,985.87</b>	430,004,020.52

As at 30 June 2013, balances due in the next accounting period were RMB331,763,985.87.



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013	31 December 2012
Within 1 year	<b>5,850,787,277.66</b>	4,868,812,557.66
1-2 years	<b>741,877,674.28</b>	1,317,545,708.47
2-3 years	<b>313,812,716.47</b>	228,144,901.50
Over 3 years	<b>108,947,828.59</b>	154,698,740.14
	<b><u>7,015,425,497.00</u></b>	<b><u>6,569,201,907.77</u></b>

As at 30 June 2013, there were no accounts payable to shareholders holding 5% or more of the Company's voting rights (31 December 2012: RMB82,582,881.98) (Note VI.7).

Please refer to note VI "Relationships and Transactions with Related Parties" for accounts payable to related parties as at 30 June 2013.

As at 30 June 2013, the Group's significant accounts payable aging over 1 year were as follows:

	Relationship with the Group	Amount	Percentage of total accounts payable (%)	Reasons for non-payment
Supplier 1	Third party	142,424,163.57	2.03	Undue
Supplier 2	Third party	28,921,125.00	0.41	Undue
Supplier 3	Third party	25,831,182.78	0.37	Undue
Supplier 4	Third party	17,224,776.55	0.25	Undue
Supplier 5	Third party	11,581,116.64	0.17	Undue

The above significant accounts payable aging more than one year were outstanding as at the balance sheet date.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 25. Receipts in advance

An aging analysis on advances from customers is as follows:

	30 June 2013	31 December 2012
Within 1 year	<b>14,261,611,610.42</b>	12,996,525,315.78
1 to 2 years	<b>962,113,286.89</b>	341,001,234.59
2 to 3 years	<b>9,508,617.73</b>	848,080,717.60
Over 3 years	<b>11,762,829.04</b>	21,343,036.96
	<b><u>15,244,996,344.08</u></b>	<b><u>14,206,950,304.93</u></b>

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

	30 June 2013	31 December 2012
Advances on sale of goods	<b>1,075,149,349.01</b>	1,190,368,520.87
Advances on pre-sale of properties	<b>13,696,372,917.90</b>	12,514,947,954.70
Advances on construction costs	<b>89,473,783.59</b>	113,638,759.71
Advances on rents and property fees	<b>384,000,293.58</b>	387,995,069.65
	<b><u>15,244,996,344.08</u></b>	<b><u>14,206,950,304.93</u></b>

As at 30 June 2013, there were no receipts in advance from shareholders holding 5% or more of the Company's voting rights (31 December 2012: nil).

Please refer to Note VI "Relationships and Transactions with Related Parties" for receipts in advance from related parties as at 30 June 2013.

As at 30 June 2013, significant receipts in advance aging over 1 year were as follows:

	Relationship with the Group	Amount	Reasons for being outstanding
Supplier 1	Third Party	864,231,830.63	Properties have not been delivered

For the above significant receipts in advance aging over 1 year, amounts of RMB189,334,774.18 were settled subsequent to balance sheet date.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 25. Receipts in advance *(continued)*

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

Project	Expected settlement date of the first batch	Proportion of the pre-sales	30 June 2013	31 December 2012
Beijing – Chaoyang New City	December 2013	95%	20,228,580.50	24,083,204.50
Beijing – Jinyu Town-House	December 2013	94%	3,820,000.00	15,501,770.05
Beijing – Tuqiao Huashijiang	November 2015	72%	58,655,179.36	176,433,732.62
Beijing – Tuqiao Tongheyuan	December 2013	99%	7,647,901.00	21,520,089.15
Beijing – Kanghuiyuan	December 2013	85%	9,377,292.92	89,763,265.40
Beijing – Guanlan Times	June 2013	88%	38,947,039.71	1,189,963,259.33
Beijing – Yanshan Affordable Housing	June 2014	93%	1,726,789,755.49	1,668,087,526.18
Beijing – Yueheyuan	September 2013	100%	1,812,543,423.90	1,777,482,531.30
Beijing – Jinheyuan	December 2013	100%	2,421,945.96	2,421,945.96
Beijing – Taiheyuan	December 2013	91%	1,530,560,923.00	1,140,160,363.90
Beijing – Ziyoushu	December 2013	69%	407,477,331.14	320,765,233.73
Beijing – Binheyuan	March 2014	98%	1,375,402,391.40	72,329,200.00
Beijing – Ruiheyuan	September 2014	90%	468,571,428.57	400,000,000.00
Beijing – Meiheyuan	December 2013	99%	16,546,662.00	34,949,012.00
Hangzhou – Guanlan Times	September 2015	56%	193,361,865.00	415,880,807.00
Beijing – Chang'an New City	July 2013	99%	66,288,520.02	62,287,887.02
Beijing – Dacheng Times Center	December 2013	99%	10,564,548.99	10,564,548.00
Beijing – Linglong Tiandi	December 2013	100%	10,838,380.00	22,745,862.00
Beijing – Dachengjun	December 2013	96%	355,313,040.00	1,521,044,402.23
Beijing – Xigongguan	October 2013	92%	189,403,038.00	473,115,023.00
Beijing – Jingcheng Center	December 2013	59%	1,214,013,794.00	401,570,782.00
Tianjin – Jinyu Yuecheng	June 2016	33%	297,861,563.00	119,197,162.00
Inner Mongolia – Jinyu Times City	June 2014	96%	156,143,706.20	142,832,999.47
Tangshan – Jinyu Lefu	April 2015	19%	216,198,717.74	180,064,942.44
Beijing – Feili Huating	July 2013	73%	93,782,152.10	195,638,813.00
Beijing – Jinyu Vanke City	December 2014	94%	1,039,638,162.00	843,561,281.00
Haikou – Meilinghu	June 2013	78%	103,447,967.01	209,845,265.00
Chongqing – Shidaiduhui	December 2013	17%	674,652,314.00	236,121,492.00
Chongqing – Nanshanjun	September 2013	2%	84,896,838.00	9,859,299.69
Beijing – I Cube	December 2013	66%	312,050,579.16	392,592,395.56
Beijing – Guogongzhuang plot	December 2014	24%	699,676,214.00	–
Chengdu – Shuangliu plot	August 2014	17%	274,615,048.00	–
Hangzhou – Banshantianyuan plot	May 2015	11%	110,041,470.00	–
Others			114,595,145.73	344,563,859.17
			<b>13,696,372,917.90</b>	<b>12,514,947,954.70</b>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 26. Wages payable

For the six months ended 30 June 2013

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Salaries, bonuses, allowances and subsidies	72,903,271.00	928,951,886.25	935,302,601.25	66,552,556.00
Staff welfare	6,843,597.57	52,984,937.86	55,100,708.86	4,727,826.57
Social insurance	38,880,283.90	241,724,023.29	243,953,754.47	36,650,552.72
Including: Medical insurance	19,369,554.22	80,114,184.28	79,337,845.16	20,145,893.34
Basic pension	14,029,661.16	117,001,560.63	118,845,150.93	12,186,070.86
Annuity payment	432,294.00	25,035,415.00	25,813,127.00	(345,418.00)
Unemployment insurance	2,361,185.52	8,469,346.44	8,770,059.44	2,060,472.52
Work injury insurance	1,644,667.00	6,213,460.17	6,268,240.17	1,589,887.00
Maternity insurance	1,042,922.00	4,890,056.77	4,919,331.77	1,013,647.00
Housing funds	10,001,850.00	66,423,569.36	69,227,726.00	7,197,693.36
Union fund and employee education fund	17,889,273.01	21,287,986.85	19,510,953.88	19,666,305.98
Others	6,945,031.48	4,457,241.83	6,998,842.15	4,403,431.16
	<u>153,463,306.96</u>	<u>1,315,829,645.44</u>	<u>1,330,094,586.61</u>	<u>139,198,365.79</u>

As at 30 June 2013, there were no wages payable in arrears, and all balances are expected to be paid within one year.

#### 27. Tax payable

	30 June 2013	31 December 2012
VAT	<b>(328,810,286.71)</b>	(301,222,838.85)
Business tax	<b>125,248,296.99</b>	115,247,418.34
Enterprise income tax	<b>837,655,254.51</b>	1,275,368,527.26
Individual income tax	<b>7,474,603.56</b>	10,923,795.01
City maintenance and construction tax	<b>12,653,386.22</b>	11,526,989.92
Education surcharges	<b>9,416,921.73</b>	5,705,567.32
Resource tax	<b>12,728,919.74</b>	21,362,210.66
Land appreciation tax	<b>176,246,009.61</b>	150,690,157.39
Urban and rural land use tax	<b>4,141,141.17</b>	3,676,168.80
Real estate tax	<b>3,976,878.57</b>	2,459,358.34
Others	<b>29,460,460.60</b>	13,159,428.06
	<u><b>890,191,585.99</b></u>	<u>1,308,896,782.25</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 28. Interest payable

	30 June 2013	31 December 2012
Interests on borrowings	<b>27,548,383.90</b>	30,938,044.46
Interests on long-term borrowings	<b>4,630,973.91</b>	6,837,983.85
Interests on short-term borrowings	<b>22,917,409.99</b>	24,100,060.61
Interests of corporate bonds (Note V.35)	<b>249,092,222.23</b>	124,336,666.67
	<b><u>276,640,606.13</u></b>	<u>155,274,711.13</u>

#### 29. Dividends payable

	30 June 2013	31 December 2012
Sinoma	<b>34,120,597.38</b>	16,770,600.00
BBMG Group Company Limited	<b>130,984,522.25</b>	–
Other shareholders of circulating shares	<b>147,285,069.33</b>	–
Dividends payable to other non-controlling shareholders	<b>31,612,737.49</b>	26,277,469.19
	<b><u>344,002,926.45</u></b>	<u>43,048,069.19</u>

#### 30. Other payables

An aging analysis of other payables is as follows:

	30 June 2013	31 December 2012
Within 1 year	<b>1,564,913,330.56</b>	1,661,709,604.32
1 to 2 years	<b>442,250,517.06</b>	496,793,758.73
2 to 3 years	<b>91,515,945.00</b>	107,126,930.08
Over 3 years	<b>243,893,486.60</b>	217,494,520.47
	<b><u>2,342,573,279.22</u></b>	<u>2,483,124,813.60</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 30. Other payables (continued)

An analysis on other payables by nature is as follows:

	30 June 2013	31 December 2012
Payables to related companies (Note VI.7)	<b>1,148,111.52</b>	197,820,944.21
Construction costs payable	<b>447,838,741.27</b>	458,060,901.87
Payables for acquisition of equity investments	<b>48,263,780.64</b>	63,966,551.14
Payables for relocation compensation	<b>155,454,149.28</b>	156,173,300.83
Payables for land use right	<b>85,184,067.01</b>	87,041,567.01
Deposits	<b>530,034,259.17</b>	489,503,370.68
Amounts collected on behalf and temporary receipts	<b>634,648,100.12</b>	449,346,124.28
Current portion of provision for supplementary pension subsidies and early retirement benefits	<b>42,429,237.00</b>	41,217,136.00
Others	<b>397,572,833.21</b>	539,994,917.58
	<b><u>2,342,573,279.22</u></b>	<b><u>2,483,124,813.60</u></b>

As at 30 June 2013, there were no balances payable to shareholders holding 5% or more of the Company's voting rights (31 December 2012: RMB197,051,945.35) (Note: VI.7).

Please refer to note VI "Relationships and Transactions with Related Parties" for other payables to related parties as of 30 June 2013.

As at 30 June 2013, significant other payables aging more than one year are as follows:

	Relationship with the Group	Amount	Percentage of total other payable (%)	Reasons for non-payment
Entity 1*	Third party	72,265,646.00	3.08	Not yet settled
Entity 2	Third party	24,634,712.10	1.05	Not yet settled
Entity 3	Third party	12,718,870.02	0.54	Not yet settled
Entity 4	Third party	12,164,044.97	0.52	Not yet settled
Entity 5	Third party	11,042,424.45	0.47	Not yet settled

For the above significant other payables aging more than one year, amounts of RMB99,964.52 were settled subsequent to the balance sheet date.

\* Land premium payable to Ministry of Land and Resources

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 31. Accrued liabilities

For the six months ended 30 June 2013

	Opening balance	Increase in the period	Decrease in the period	Closing balance	
Estimated concrete loss	39,910,698.17	–	3,816,747.37	36,093,950.80	Note 1
Expense on recovery of mines	60,166,504.00	1,545,100.00	206,664.00	61,504,940.00	Note 2
	<u>100,077,202.17</u>	<u>1,545,100.00</u>	<u>4,023,411.37</u>	<u>97,598,890.80</u>	

Note 1: The estimated concrete loss was recognised 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.

Note 2: The estimated cost on recovery was recognised based on the expense on recovery of mines required to be incurred in subsequent years by the Group's subsidiaries engaged in the production of cement.

#### 32. Non-current liabilities due within one year

	30 June 2013	31 December 2012
Long-term loans due within one year	<u>1,661,420,000.00</u>	<u>2,576,020,000.00</u>

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

	30 June 2013	31 December 2012
Mortgaged loans (Note 1)	<u>760,800,000.00</u>	934,600,000.00
Guaranteed loans (Note 2)	<u>500,620,000.00</u>	441,420,000.00
Credit loans	<u>400,000,000.00</u>	<u>1,200,000,000.00</u>
	<u>1,661,420,000.00</u>	<u>2,576,020,000.00</u>

Note 1: Collaterals and their values for mortgaged loans of the Group as at 30 June 2013 are detailed in note V.21.

Note 2: As at 30 June 2013, balances of RMB289,700,000.00 in the guaranteed loans were guaranteed by BBMG Group, while the remaining was guaranteed by the Company and its subsidiaries.

As at 30 June 2013, no extension was made to long-term loans due within one year upon expiry.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 32. Non-current liabilities due within one year *(continued)*

As at 30 June 2013, 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 the period end
Agricultural Bank of China, Xuanwu Branch	12 August 2010	11 August 2013	RMB	5.54	400,000,000.00
Construction Bank of China, Beijing Urban Construction Development Professional Branch	21 May 2012	21 May 2014	RMB	6.21	150,000,000.00
Agricultural Bank of China, Xuanwu Branch	6 April 2011	6 March 2014	RMB	6.15	130,000,000.00
Bank of Communication Co., Ltd, Guanyuan Branch	1 August 2011	1 August 2013	RMB	6.77	106,000,000.00
Industrial and Commercial Bank of China, West Railway Station Branch	6 January 2011	20 December 2013	RMB	6.15	100,000,000.00

As at 30 June 2013, there were no outstanding long-term loans that were due.

#### 33. Other current liabilities

	30 June 2013	31 December 2012
Deferred income	<b>46,265,860.79</b>	47,347,882.81
Accrued expenses	<b>3,682,881,776.19</b>	3,101,328,497.88
Accrued development cost	<b>2,049,022,141.07</b>	1,741,522,514.98
Accrued LAT	<b>1,539,787,172.60</b>	1,329,324,617.97
Accrued costs for treatment of solid waste	<b>27,193,708.23</b>	16,565,669.60
Other accrued expenses	<b>66,878,754.29</b>	13,915,695.33
	<b><u>3,729,147,636.98</u></b>	<u>3,148,676,380.69</u>



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 33. Other current liabilities *(continued)*

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

	30 June 2013	31 December 2012
Government grants related to assets		
Environmental protection projects	<b>21,706,094.93</b>	21,706,094.93
Cogeneration project	<b>2,398,275.76</b>	2,398,275.76
Relocation compensation	<b>11,215,743.64</b>	11,215,743.64
Others	<b>3,629,531.72</b>	2,157,039.09
Government grants related to income		
Research and development funds	<b>7,316,214.74</b>	9,870,729.39
	<b>46,265,860.79</b>	47,347,882.81

#### 34. Long-term loans

	30 June 2013	31 December 2012
Mortgaged loans (Note 1)	<b>2,119,655,904.61</b>	1,992,711,545.34
Guaranteed loans (Note 2)	<b>2,087,340,000.00</b>	1,764,340,000.00
Credit loans	<b>1,800,000,000.00</b>	1,000,000,000.00
	<b>6,006,995,904.61</b>	4,757,051,545.34

Note 1: As at 30 June 2013, the details and value of collaterals corresponding to our mortgaged loans were set out in note V. 21.

Note 2: As at 30 June 2013, balances of RMB704,100,000.00 in the guaranteed loans were guaranteed by BBMG Group, while the remaining was guaranteed by the Company and its subsidiaries.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 34. Long-term loans *(continued)*

Aging analysis of long-term loans:

	30 June 2013	31 December 2012
2 years or less	<b>688,275,904.61</b>	1,247,131,545.34
3 to 5 years (inclusive)	<b>5,298,720,000.00</b>	3,471,920,000.00
More than 5 years	<b>20,000,000.00</b>	38,000,000.00
	<b><u>6,006,995,904.61</u></b>	<b><u>4,757,051,545.34</u></b>

As at 30 June 2013, there were no outstanding long-term loans that were due (31 December 2012: nil).

As at 30 June 2013, the five highest long-term loans were as follows:

Loan unit	Commencement date	Expiry date	Currency	Interest rate (%)	Balance as at the period end
Agricultural Bank of China, Xuanwu Branch	13 December 2010	13 December 2015	RMB	5.76	1,100,000,000.00
Construction Bank of China, Beijing Urban Construction Development Professional Branch	23 October 2012	22 April 2015	RMB	6.15	1,000,000,000.00
Construction Bank of China, Beijing Urban Construction Development Professional Branch	16 May 2013	19 March 2016	RMB	5.84	600,000,000.00
Bank of Communication Co., Ltd, Fuwai Branch	17 October 2012	17 October 2015	RMB	5.54	500,000,000.00
Bank of Communication Co., Ltd, Fuwai Branch	11 December 2012	11 December 2015	RMB	5.54	500,000,000.00
					<b><u>3,700,000,000.00</u></b>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 35. Bonds payable

For the six months ended 30 June 2013

	Opening balance	Increase in the period	Decrease in the period	Closing balance
<b>Non-current:</b>				
Corporate bonds	1,895,253,587.34	2,602,473.59	-	1,897,856,060.93
Medium-term notes	4,797,200,000.00	10,550,000.00	-	4,807,750,000.00
	<u>6,692,453,587.34</u>	<u>13,152,473.59</u>	<u>-</u>	<u>6,705,606,060.93</u>
<b>Current:</b>				
Short-term financing bonds	1,000,000,000.00	2,000,000,000.00	-	3,000,000,000.00
	<u>7,692,453,587.34</u>	<u>2,013,152,473.59</u>	<u>-</u>	<u>9,705,606,060.93</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 2009**") in open market, totaling RMB1,900,000,000 at a coupon of 4.32%.

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 term of 5 years. On 8 September 2010, the registration for the issue of the medium-term notes was accepted by the National Association of Financial Market Institutional Investors pursuant to the Notice of Registration Acceptance (Zhong Shi Xie Zhu [2010] No.MTN89). According to the notice, the medium-term notes issued by the Company had a registered amount of RMB2,800,000,000 and a term of 2 years, and may be issued in tranches within the term. On 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 coupon of 4.38%. On 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 coupon of 5.85%.

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 35. Bonds payable *(continued)*

As considered and approved by the 19th meeting of the 2nd session of the Board held on 28 August 2012 and the first extraordinary general meeting in 2012 held on 26 October 2012, the Company intended to issue short-term financing bonds of no more than RMB7,600,000,000. Pursuant to the file Zhong Shi Xie Zhu No. [2013] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company completed the issue of its first tranche of short-term financing bonds in 2013 from 13 March to 19 March 2013, totaling RMB2,000,000,000 with a coupon of 4.27%.

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

As at 30 June 2013, the balances of bonds payable were as follows:

	Par value	Issuance date	Term	Issuance amount	Balance as at end of the period
<b>Non-current:</b>					
BBMG Bond 2009	1,900,000,000.00	27 April 2009	5 years	1,900,000,000.00	1,897,856,060.93
RMB2 billion medium-term notes	2,000,000,000.00	29 September 2010	5 years	2,000,000,000.00	2,001,750,000.00
RMB800 million medium-term notes	800,000,000.00	7 December 2010	5 years	800,000,000.00	806,000,000.00
RMB2 billion medium-term notes	<u>2,000,000,000.00</u>	20 September 2012	5 years	<u>2,000,000,000.00</u>	<u>2,000,000,000.00</u>
	<u>6,700,000,000.00</u>			<u>6,700,000,000.00</u>	<u>6,705,606,060.93</u>
<b>Current:</b>					
RMB1 billion short-term financing bonds	1,000,000,000.00	18 September 2012	1 year	1,000,000,000.00	1,000,000,000.00
RMB2 billion short-term financing bonds	<u>2,000,000,000.00</u>	13 March 2013	1 year	<u>2,000,000,000.00</u>	<u>2,000,000,000.00</u>
	<u>9,700,000,000.00</u>			<u>9,700,000,000.00</u>	<u>9,705,606,060.93</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 35. Bonds payable *(continued)*

	Interest at beginning of the period	Accrued interest for the period	Interest paid for the period	Interest payable at end of the period <small>(Note V.28)</small>
<b>Non-current:</b>				
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	43,800,000.00	–	65,700,000.00
RMB800 million medium-term notes	3,250,000.00	20,150,000.00	–	23,400,000.00
RMB2 billion medium-term notes	<u>31,000,000.00</u>	<u>52,700,000.00</u>	<u>–</u>	<u>83,700,000.00</u>
	<u>110,870,000.00</u>	<u>157,690,000.00</u>	<u>82,080,000.00</u>	<u>186,480,000.00</u>
<b>Current:</b>				
RMB1 billion short-term financing bonds	13,466,666.67	24,000,000.00	–	37,466,666.67
RMB2 billion short-term financing bonds	<u>–</u>	<u>25,145,555.56</u>	<u>–</u>	<u>25,145,555.56</u>
	<u>124,336,666.67</u>	<u>206,835,555.56</u>	<u>82,080,000.00</u>	<u>249,092,222.23</u>

#### 36. Long-term payables

	30 June 2013	31 December 2012
Provision for supplementary pension subsidies and early retirement benefits for former and retired employees	<u>511,617,093.00</u>	<u>517,416,630.00</u>
Changes in provision for supplementary pension subsidies and early retirement benefits are as follows:		
Retirement benefits as at 1 January 2013		559,976,062.00
Cost of retirement benefits for the period		9,970,419.00
Retirement benefits paid for the period		(15,900,151.00)
Retirement benefits as at 30 June 2013		<u>554,046,330.00</u>
Amount categorised as current portion of other payables		<u>42,429,237.00</u>
Non-current portion		<u>511,617,093.00</u>

The details of provision for supplementary pension subsidies and early retirement benefits are set out in Note II.27, Employee benefits under defined benefit plan.

The provision for supplementary pension subsidies early retirement benefits payable within one year was accounted for as other payables.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 37. Other non-current liabilities

	30 June 2013	31 December 2012
Deferred income	<b><u>599,329,053.77</u></b>	<u>617,175,147.70</u>

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

	30 June 2013	31 December 2012
Government grants related to assets		
Environmental protection projects	<b>296,263,538.32</b>	314,098,044.71
Cogeneration project	<b>17,308,098.01</b>	18,507,235.89
Relocation compensation	<b>298,084,931.42</b>	303,692,803.22
Others	<b>26,622,132.07</b>	18,354,217.30
Government grants related to income		
Research and development funds	<b><u>7,316,214.74</u></b>	<u>9,870,729.39</u>
	<b><u>645,594,914.56</u></b>	<u>664,523,030.51</u>
Less: Deferred income carried over within one year and included in current liabilities	<b><u>46,265,860.79</u></b>	<u>47,347,882.81</u>
	<b><u>599,329,053.77</u></b>	<u>617,175,147.70</u>

As at 30 June 2013 and 31 December 2012, details and amounts of significant government grants were as follows:

	30 June 2013	31 December 2012
Subsidy for relocation fee of Tiantan	<b>240,048,567.76</b>	244,735,227.46
Subsidy for environmental equipment for Bio-Island project	<b>226,293,616.32</b>	233,981,575.14
Relocation compensation for Hengxing Qunying	<b>58,036,363.66</b>	58,957,575.76
Appropriation for mud project of Beijing Cement Plant	<b>41,294,722.21</b>	42,783,055.55
Subsidy for Zanhuang – 2,500 tonnes new dry method clinker production line project	<b>10,716,444.44</b>	10,899,111.11

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 38. Share capital

For the six months ended 30 June 2013

	Opening balance	Increase/(decrease) in the period			Closing balance
		Issue of new shares	shares released from lock-up period	subtotal	
<b>I. Shares subject to lock-up restriction</b>					
1. State-owned legal person shareholdings	1,844,852,426.00	-	-	-	1,844,852,426.00
2. Other domestic shareholdings	2,952,000.00	-	-	-	2,952,000.00
3. Foreign shareholdings	-	-	-	-	-
Total shares subject to lock-up restriction	1,847,804,426.00	-	-	-	1,847,804,426.00
<b>II. Shares not subject to lock-up restriction</b>					
1. RMB ordinary shares	1,266,550,199.00	-	-	-	1,266,550,199.00
2. Foreign listed shares	1,169,382,435.00	-	-	-	1,169,382,435.00
Total shares not subject to lock-up restriction	2,435,932,634.00	-	-	-	2,435,932,634.00
Total share capital	4,283,737,060.00	-	-	-	4,283,737,060.00

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 39. Capital reserve

For the six months ended 30 June 2013

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Share premium	4,931,624,856.00	-	-	4,931,624,856.00
Other capital reserves	464,168,137.51	2,846,080.01	33,157,196.18	433,857,021.34
	<u>5,395,792,993.51</u>	<u>2,846,080.01</u>	<u>33,157,196.18</u>	<u>5,365,481,877.34</u>

Please refer to the table of Changes in Equity of owners and Note V.55 for the reasons of changes in capital reserve.

#### 40. Specialised reserve

For the six months ended 30 June 2013

	Opening balance	Amount appropriated in the period	Amount paid in the period	Closing balance
Production safety cost	<u>9,552,984.58</u>	<u>14,819,644.88</u>	<u>7,972,996.40</u>	<u>16,399,633.06</u>

Pursuant to the requirements of the "Administrative Measures on Allocation and Utilisation of Production Safety Fund for Enterprises" (Caiqi [2012] No.16) issued by the PRC Ministry of Finance and the State Administration of Work Safety, the Group started making provision for the production safety fund subject to a fixed proportion for the specific industries required therein since 2012. Please refer to Note II.33. Production safety fund for details.



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 41. Surplus reserve

For the six months ended 30 June 2013

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	<u>580,552,232.22</u>	-	-	<u>580,552,232.22</u>

According to the requirements of the Companies 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 reserves 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.

#### 42. Retained earnings

For the six months ended 30 June 2013

Retained earnings at beginning of the period	12,634,399,124.91
Net profit attributable to the owners of the Parent	1,299,197,604.31
Less: Cash dividends payable for ordinary shares (Note 1)	<u>304,145,331.26</u>
Retained earnings at the end of the period	<u>13,629,451,397.96</u>

Note 1: As considered and approved at the 2012 annual general meeting of BBMG Corporation convened on 21 May 2013, profit distribution for the year 2012 was calculated based on 4,283,737,060 ordinary shares in issue, with the distribution of a final dividend of RMB0.71 per 10 shares (tax included) in an aggregate amount of cash dividends of RMB304,145,331.26.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 43. Operating revenues and operating costs

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

Operating revenues were as follows:

	<b>For the six months ended 30 June 2013</b>	For the six months ended 30 June 2012
Revenue from principal operations	<b>20,161,051,297.58</b>	14,490,724,892.40
Revenue from other operations	<b>225,571,541.89</b>	255,234,243.41
	<b><u>20,386,622,839.47</u></b>	<u>14,745,959,135.81</u>

Operating costs were as follows:

	<b>For the six months ended 30 June 2013</b>	For the six months ended 30 June 2012
Cost of principal operations	<b>15,888,516,006.05</b>	10,269,209,922.10
Cost of other operations	<b>124,873,285.29</b>	128,167,757.75
	<b><u>16,013,389,291.34</u></b>	<u>10,397,377,679.85</u>

Information of principal operations by segment:

	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Revenue	Operating costs	Revenue	Operating costs
Cement	5,492,377,704.88	4,623,186,916.37	5,306,368,130.22	4,241,893,135.55
New building materials	7,302,903,939.77	6,678,726,911.03	2,840,441,645.96	2,299,785,104.08
Real estate development	6,422,750,826.00	4,211,623,316.69	5,540,946,203.63	3,381,302,512.71
Property investment and management	943,018,826.93	374,978,861.96	802,968,912.59	346,229,169.76
	<b><u>20,161,051,297.58</u></b>	<b><u>15,888,516,006.05</u></b>	<u>14,490,724,892.40</u>	<u>10,269,209,922.10</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 43. Operating revenue and operating costs (continued)

Information of principal operations by product:

	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Revenue	Operating costs	Revenue	Operating costs
Sale of products	7,089,827,283.02	5,860,699,627.08	7,226,482,660.15	5,778,728,699.35
Bulk commodity trade	4,792,866,339.60	4,775,761,179.03	183,247,862.10	180,845,433.35
Sale of properties and land	6,422,750,826.00	4,211,623,316.69	5,540,946,204.00	3,381,302,512.71
Including: sales of affordable properties	280,183,391.48	254,375,881.96	1,412,344,233.89	1,182,729,486.13
Rental income from investment properties	457,475,047.12	52,731,483.88	372,918,503.74	47,905,387.05
Property management	275,771,515.40	178,122,274.00	244,820,279.00	158,212,338.30
Hotel management	204,955,141.80	114,742,032.93	200,203,849.90	108,900,360.54
Income from decoration work	644,192,144.00	500,839,646.24	469,951,382.70	470,907,738.40
Treatment of solid waste	193,737,524.28	128,575,072.44	165,743,621.86	92,524,752.22
Others	79,475,476.36	65,421,373.76	86,410,528.95	49,882,700.18
	<u>20,161,051,297.58</u>	<u>15,888,516,006.05</u>	<u>14,490,724,892.40</u>	<u>10,269,209,922.10</u>

Information of principal operations by region:

	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Revenue	Operating costs	Revenue	Operating costs
North China	17,505,390,650.46	13,596,417,486.98	13,944,720,463.55	9,856,386,581.70
East China	1,558,108,228.76	1,424,830,751.36	97,758,416.68	65,197,307.56
Central China	299,763,750.64	256,095,496.50	142,625,184.47	116,102,149.63
South China	342,586,491.09	222,890,360.50	25,492,822.78	19,543,439.48
Northeast China	277,579,591.57	224,302,754.12	37,606,115.74	31,371,162.20
Southwest China	126,724,366.94	118,965,766.04	21,280,167.52	18,149,603.92
Northwest China	50,898,218.12	45,013,390.55	221,241,721.66	162,459,677.61
	<u>20,161,051,297.58</u>	<u>15,888,516,006.05</u>	<u>14,490,724,892.40</u>	<u>10,269,209,922.10</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 43. Operating revenue and operating costs *(continued)*

Operating revenue from the top 5 customers for the six months ended 30 June 2013 is as follows:

	Amount	Percentage of the operating revenue (%)
Customer 1	1,229,359,580.21	6.03
Customer 2	1,181,268,854.62	5.79
Customer 3	319,728,403.36	1.57
Customer 4	301,312,609.78	1.48
Customer 5	210,228,258.30	1.03
	<u>3,241,897,706.27</u>	<u>15.90</u>

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

	Amount	Percentage of the 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>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 43. Operating revenue and operating costs *(continued)*

Operating revenue is as follows:

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Sale of products	<b>7,089,827,283.02</b>	7,261,722,735.71
Bulk commodity trading	<b>4,792,866,339.60</b>	183,247,862.10
Sale of properties and land	<b>6,422,750,826.00</b>	5,540,946,204.00
Rental income	<b>540,107,034.92</b>	484,860,088.22
Including: rental income from investment properties	<b>457,475,047.12</b>	372,918,503.74
other rental income	<b>82,631,987.80</b>	111,941,584.48
Property management	<b>275,771,515.40</b>	244,820,279.00
Hotel management	<b>204,955,141.80</b>	200,203,849.90
Income from construction work	<b>644,192,144.00</b>	469,951,382.70
Treatment of solid waste	<b>193,737,524.28</b>	165,743,621.86
Others	<b>222,415,030.45</b>	194,463,112.32
	<b><u>20,386,622,839.47</u></b>	<b><u>14,745,959,135.81</u></b>

#### 44. Business Tax and surcharges

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Business tax	<b>401,251,084.60</b>	357,916,942.03
City maintenance and construction tax	<b>45,973,765.75</b>	35,963,921.98
Education surcharge	<b>29,555,337.87</b>	31,126,638.14
LAT	<b>284,288,829.81</b>	339,346,482.48
	<b><u>761,069,018.03</u></b>	<b><u>764,353,984.63</u></b>

Please refer to Note III. Taxes for tax base.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 45. Selling expenses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Remuneration of employees	<b>184,885,849.86</b>	156,835,996.94
Office expenses	<b>64,223,646.22</b>	41,429,836.37
Lease fee	<b>38,642,354.31</b>	35,256,152.33
Agency fee	<b>103,579,365.46</b>	43,010,792.24
Advertisement fee	<b>101,206,555.25</b>	81,925,455.30
Transportation and travelling expenses	<b>181,665,366.60</b>	167,499,126.95
Others	<b>6,681,986.28</b>	55,908,666.16
	<b>680,885,123.98</b>	581,866,026.29

#### 46. Administrative expenses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Remuneration of employees	<b>632,367,604.12</b>	504,914,221.36
Office expenses	<b>421,035,148.10</b>	228,329,954.80
Reception expenses	<b>34,022,725.34</b>	43,642,930.32
R&D expenses	<b>27,800,876.13</b>	25,098,510.20
Professional fees	<b>53,341,637.93</b>	46,380,552.48
Lease and utilities	<b>37,730,912.08</b>	34,380,206.59
Tax	<b>86,911,419.40</b>	62,829,643.43
Sewage and afforestation fees	<b>18,767,640.04</b>	12,691,849.74
Others	<b>58,303,500.10</b>	39,925,547.64
	<b>1,370,281,463.24</b>	998,193,416.56

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 47. Finance costs

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Interest expenses	<b>773,329,838.94</b>	875,802,324.01
Including: Interests on bank loans, overdrafts and other loans which require to be fully repaid within 5 years	<b>767,475,168.10</b>	855,346,420.02
Other interest expenses	<b>5,854,670.84</b>	20,455,903.99
Less: interest income (Note 1)	<b>32,882,368.67</b>	68,262,705.22
Less: capitalised interest (Note 2)	<b>315,363,651.06</b>	372,545,123.23
Exchange gains and losses	<b>234,986.59</b>	241,569.87
Bank charges	<b>10,890,545.88</b>	7,029,779.43
Others	<b>6,686,357.13</b>	28,443,666.79
	<b>442,895,708.81</b>	470,709,511.65

Note 1: Interest income included the interests accrued on the loan to STAR-USG Building Materials Co., Ltd of RMB2,461,550.04. Please refer to note VI.5.(5).

Note 2: The capitalised interests of RMB34,572,956.17 and RMB280,790,694.89 have been included in construction in progress (Note V.14) and properties under development (Note V.8) respectively.

#### 48. Gains from changes in fair value

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Investment properties measured at fair value	<b>320,192,740.78</b>	346,744,119.25

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 49. Investments losses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Long-term equity investment losses under equity method:	<b>(23,792,766.12)</b>	(37,302,368.64)
Including: Investment losses from associates	<b>(9,960,826.28)</b>	(20,718,758.01)
Investment losses from joint venture	<b>(13,831,939.84)</b>	(16,583,610.63)
Investment income from disposal of available-for-sale financial assets	–	27,917.26
Investment losses from disposal of long-term equity investments	–	(339,160.12)
Investment income from disposal of subsidiaries	<b>96,195.04</b>	18,024,355.37
	<b>(23,696,571.08)</b>	(19,589,256.13)

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

Investees	For the six months ended 30 June 2013	For the six months ended 30 June 2012	Reasons for increase/ decrease
STAR-USG Building Materials Co., Ltd.	<b>(14,344,132.86)</b>	(17,048,146.29)	Fluctuations of results
Krono (Beijing) Woods Co., Ltd.	<b>(5,582,370.07)</b>	(19,265,062.49)	Fluctuations of results
Zehnder (China) Indoor Climate Co., Ltd. (森德(中國)暖通設備有限公司)	<b>(5,115,812.90)</b>	(1,257,461.27)	Fluctuations of results
OCV Reinforcements (Beijing) Co., Ltd.	<b>380,511.44</b>	(1,305,879.00)	Fluctuations of results
Beijing Gaoqiang Concrete Co., Ltd.	<b>304,275.80</b>	1,019,442.76	Fluctuations of results

There were no significant restrictions on the repatriation of investment income of the Group as of 30 June 2013. For the six months ended 30 June 2013, there was no income arising from investment in listing securities within the Group's investment income (for the six months ended 30 June 2012: RMB27,917.26).



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 50. Asset impairment losses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Losses on bad debts	<b>(12,393,172.48)</b>	(10,263,924.61)
Provision for decline in value of inventory	–	23,183,972.08
Others	–	238,103.13
	<b>(12,393,172.48)</b>	13,158,150.60

#### 51. Non-operating income

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Gains from disposal of fixed assets	<b>61,339,813.20</b>	4,738,873.28
Gains from debt restructuring	<b>337,916.44</b>	28,091,231.50
Net gains from fines	<b>3,288,222.39</b>	1,528,240.69
Government grants	<b>234,267,183.96</b>	237,653,452.53
Unpayable amounts	<b>1,588,314.16</b>	2,807,862.02
Others	<b>9,079,442.59</b>	23,090,854.68
	<b>309,900,892.74</b>	297,910,514.70

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 51. Non-operating income *(continued)*

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

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Refunds of VAT	<b>176,759,862.55</b>	169,647,473.00
Transferred in from deferred income	<b>51,899,449.61</b>	52,675,895.97
Revenue from relocation compensation	<b>5,607,871.80</b>	15,330,083.56
	<b>234,267,183.96</b>	237,653,452.53

#### 52. Non-operating expenses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Loss from disposal of fixed assets	<b>4,884,690.18</b>	11,235,299.81
Loss from debt restructuring	<b>162,047.66</b>	21,942.69
Donation	<b>484,823.30</b>	354,792.11
Expense on compensation, penalties and fines	<b>2,837,099.38</b>	6,959,747.99
Others	<b>5,719,241.25</b>	13,118,050.54
	<b>14,087,901.77</b>	31,689,833.14

#### 53. Income tax expenses

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Current income tax expenses	<b>186,223,657.15</b>	491,124,140.00
Deferred income tax expenses	<b>240,547,654.99</b>	94,601,988.30
	<b>426,771,312.14</b>	585,726,128.30

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 53. Income tax expenses *(continued)*

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

	<b>For the six months ended 30 June 2013</b>	For the six months ended 30 June 2012
Total profit	<b>1,722,804,567.21</b>	2,113,675,910.91
Income tax expenses calculated at statutory tax rate of 25% (Note 1)	<b>430,701,141.80</b>	528,418,977.73
Effect of different tax rates applicable to certain subsidiaries	<b>(7,519,784.07)</b>	(10,095,469.04)
Tax effect of share of profits and losses of jointly-controlled entities and associates	<b>5,948,191.53</b>	9,325,592.16
Income not subject to tax	<b>(357,657.28)</b>	(13,676,918.49)
Expenses not deductible for tax	<b>12,345,447.13</b>	14,829,077.63
Tax losses utilised from previous years	<b>(1,510,628.82)</b>	(1,866,732.65)
Adjustments in respect of current income tax of previous periods	<b>(67,592,847.36)</b>	(2,548,398.21)
Effect of deductible temporary difference and tax losses not recognised	<b>54,757,449.21</b>	61,339,999.17
	<b><u>426,771,312.14</u></b>	<u>585,726,128.30</u>

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, explanatory announcements and practices in the jurisdiction where the Group operates.

Note 2: The shares of taxes attributable to jointly-controlled entities and associates for the six months ended 30 June 2013 were RMB341,462.01 and RMB89,472.63 respectively (for the six months ended 30 June 2012: RMB154,845.19 and RMB920,350.85 respectively).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 54. 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 2013	For the six months ended 30 June 2012
<b>Earnings</b>		
Net profit for the period attributable to the ordinary shareholders of the Company	<u>1,299,197,604.31</u>	<u>1,387,233,578.71</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue of the Company	<u>4,283,737,060.00</u>	<u>4,283,737,060.00</u>

The Company did not have potentially dilutive ordinary shares.

#### 55. Other comprehensive income

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Transferred out from disposal of available-for-sale financial assets	–	(98,275.00)
Less: Income tax effect transferred out from available-for-sale financial assets	–	24,568.75
Other comprehensive income generated from investment properties transferred from inventories	<b>3,794,773.35</b>	–
Less: Income tax effect	<b>(948,693.34)</b>	–
Exchange differences from translation of foreign statements	<b>(269.89)</b>	(5,278.46)
	<u><b>2,845,810.12</b></u>	<u>(78,984.71)</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 56. Notes to items of statement of cash flows

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Cash received from other operating activities		
Deposits and relevant amounts received	<b>40,000,000.00</b>	474,113,339.42
Compensation received	<b>106,273,000.00</b>	68,005,979.53
Others	<b>170,950,009.92</b>	110,187,700.04
	<b>317,223,009.92</b>	652,307,018.99
Cash paid relating to other operating activities		
Bidding deposits of land items and relevant amounts	<b>390,000,000.00</b>	41,300,000.00
Selling and administrative expenses paid	<b>700,334,653.67</b>	736,073,710.64
Others	<b>195,423,520.45</b>	25,287,542.52
	<b>1,285,758,174.12</b>	802,661,253.16
Cash received from other investing activities		
Interests received from the joint venture STAR-USG	<b>2,489,834.15</b>	–
Cash paid relating to other financing activities		
Acquisition of minority interests	<b>408,872,381.58</b>	–

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 57. Supplemental information to statement of cash flows

##### (1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Net profit	<b>1,296,033,255.07</b>	1,527,949,782.61
Add: Provisions for assets impairment	<b>(12,393,172.48)</b>	13,158,150.60
Depreciation of fixed assets	<b>530,696,486.07</b>	509,581,292.30
Amortisation of intangible assets	<b>45,923,954.06</b>	38,557,168.11
Amortisation of long-term deferred expenses	<b>22,901,397.56</b>	9,247,347.39
Gains/(losses) from disposal of fixed assets, intangible assets and other long-term assets	<b>(56,455,123.02)</b>	6,496,426.53
Gains from changes in fair value	<b>(320,192,740.78)</b>	(346,744,119.25)
Finance expenses	<b>455,739,624.43</b>	503,257,200.78
Investment losses	<b>23,696,571.08</b>	19,589,256.13
Increase in deferred income tax assets	<b>27,919,866.01</b>	(6,408,167.99)
Increase in deferred income tax liabilities	<b>212,627,788.98</b>	100,700,452.37
Increase in inventories	<b>(471,274,282.98)</b>	(1,105,150,929.73)
Increase in operating receivables	<b>(2,984,572,243.81)</b>	(11,578,295.72)
Increase/(decrease) in operating payables	<b>1,635,591,736.04</b>	(433,518,688.65)
Net cash flows from operating activities	<b><u>406,243,116.23</u></b>	<u>825,136,875.48</u>
Material financing activities not involving cash:		
Non-monetary capital injection of non-controlling shareholders (Note 1)	<b><u>59,639,890.02</u></b>	<u>98,326,310.80</u>
	<b><u>59,639,890.02</u></b>	<u>98,326,310.80</u>
Net movements in cash and cash equivalents:		
Balances of cash at end of the period	<b>4,683,835,258.40</b>	4,352,760,083.62
Less: Balances of cash at beginning of the period	<b><u>3,557,703,110.20</u></b>	<u>5,126,471,371.39</u>
Net increase/(decrease) in cash and cash equivalents	<b><u>1,126,132,148.20</u></b>	<u>(773,711,287.77)</u>

Note 1: Refers to capital contribution made by non-controlling shareholders in form of non-cash assets.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

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

Information on acquisition of subsidiaries and other operating units

	<b>For the six months ended 30 June 2013</b>	For the six months ended 30 June 2012
Cash consideration paid for acquisition of subsidiaries and other operating units	<b>233,671,549.99</b>	–
Less: Cash and cash equivalents held by the acquired subsidiaries and other operating units	<b>236,854,305.39</b>	–
Net cash received for acquisition of subsidiaries and other operating units	<b>3,182,755.40</b>	–
Net assets of acquirees	<b>250,345,533.94</b>	–
Current assets	<b>237,078,748.67</b>	–
Non-current assets	<b>16,985,490.47</b>	–
Current liabilities	<b>3,718,705.20</b>	–

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 57. Supplemental information to statement of cash flows *(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 2013	For the six months ended 30 June 2012
Price of disposal of subsidiaries and other operating units	<b>12,150,000.00</b>	8,194,200.00
Cash and cash equivalents received from disposal of subsidiaries and other operating units	<b>8,700,000.00</b>	8,194,200.00
Less: Cash and cash equivalents held by disposed subsidiaries and other operating units	<b>2,126.01</b>	29,210.69
Net cash received from disposal of subsidiaries and other operating units	<b>8,697,873.99</b>	8,164,989.31
Net assets of disposed subsidiaries	<b>12,053,804.96</b>	(10,221,031.39)
Current assets	<b>2,126.01</b>	20,210,673.56
Non-current assets	<b>12,053,109.45</b>	65,776,771.21
Current liabilities	<b>1,430.50</b>	96,208,476.16

##### (3) Cash and cash equivalents

	30 June 2013	31 December 2012
Cash	<b>4,683,835,258.40</b>	3,557,703,110.20
Including: Cash on hand	<b>5,218,345.55</b>	3,460,110.74
Bank deposits on demand	<b>4,650,940,313.16</b>	3,491,857,506.73
Other monetary fund on demand	<b>27,676,599.69</b>	62,385,492.73
Balance of cash and cash equivalents at end of the period/year	<b>4,683,835,258.40</b>	3,557,703,110.20



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### 1. Parent company

Type of company	Place of registration	Legal representative	Nature of Business	Registered capital		Proportion of shareholding (%)	Proportion of votes (%)	Organization code
				RMB ten thousand				
BBMG Group	limited liability	Beijing	Jiang Weiping	Operation and management of state-owned assets within the authorised scope; manufacture and sale of building materials, non-metallic minerals, furniture, construction hardware etc.; comprehensive property development, etc	255,449	43.07	43.07	10113006-6

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

#### 2. Subsidiaries

For details on the subsidiaries, please refer to Note IV. Scope of Consolidated Financial Statements.

#### 3. Jointly-controlled entities and associates

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

#### 4. Other related parties

Names of other related parties	Relationship with related parties	Code of organization
Beijing Building Materials Sales Center	Under common control of the parent company	10116478-4
BBMG Assets Operation and Management Co., Ltd.	Under common control of the parent company	66840416-0
BBMG Jianmao Property Management Center	Under common control of the parent company	10161139-6
Zhuhai Jinyu Yale Property Management Co., Ltd.	Under common control of the parent company	19252930-3
Beijing Fumin House Co., Ltd.	Under common control of the parent company	10219626-X
Beijing Jiaye Xincheng Labor Force-dispatching Co., Ltd.	Under common control of the parent company	68289927-8
Beijing Xisha Assets Management Co., Ltd.	Under common control of the parent company	10189622-1
Beijing Building Materials Group Corporation Industrial & Commerce Development Co., Ltd.	Under common control of the parent company	10121880-X
Beijing Guanghua Woodworking Factory	Under common control of the parent company	10110042-2
Beijing Doors and Windows Co., Ltd.	Under common control of the parent company	10110161-X
Beijing Chaoyang New City Property Management Co., Ltd.	Under common control of the parent company	75330262-8
Beijing Quality Inspection & Supervision Station of Plumbing Hardware	Under common control of the parent company	40071127-4
Beijing Quality Inspection & Supervision Station of Wood Furniture	Under common control of the parent company	E0005230-4

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 Longfengshan Sands and Stone Factory	Under common control of the parent company	10262614-3
Beijing Hazardous Waste Materials Treatment Centre	Under common control of the parent company	70012505-8
Beijing Building Materials Industry Metrological Supervision Institute	Under common control of the parent company	40071032-7
Beijing Building Materials Boiler Installation Co., Ltd.	Under common control of the parent company	10113474-5
Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution	Under common control of the parent company	40070985-2
Beijing No. 54 Occupational Skill Testing Institution	Under common control of the parent company	40071158-1
Handan Hanni Building Materials Co., Ltd.	Under common control of the parent company	67469504-8
BBMG Properties Limited	Under common control of the parent company	67425108-4
BBMG Sports Culture Co., Ltd.	Under common control of the parent company	67962969-9
Beijing Jinyu Scien-tech School	Under common control of the parent company	40070953-7
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee	Under common control of the parent company	40070955-3
Beijing Dacheng Real Estate Development Co., Ltd.	Under common control of the parent company	10139366-7
Beijing Dacheng Anjia Property Management Center	Under common control of the parent company	79671299-3
Beijing Chengrong Real Estate Development Co., Ltd.	Under common control of the parent company	60001883-7
Beijing Cement Quality Supervision & Test Station	Under common control of the parent company	40071024-7
Beijing Research Institute of Wood Industry	Under common control of the parent company	40070951-0

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013		For the six months ended 30 June 2012		
	Amount	Percentage (%)	Amount	Percentage (%)	
<b>Purchase of goods and receipt of services from related parties</b>					
<b>Transactions with jointly-controlled entities and associates</b>					
Beijing Dynea Chemical Industry Co., Ltd.	Purchase of raw materials	66,532.00	-	51,100.00	-
STAR-USG Building Materials Co., Ltd.	Purchase of raw materials	918,812.66	0.01	124,543.86	-
Krono (Beijing) Woods Co., Ltd.	Purchase of raw materials	18,988,598.17	0.12	1,221,250.10	0.01
Beijing Sinobaide Technology Co., Ltd.	Purchase of raw materials	7,277,266.71	0.05	-	-
Zehnder (China) Indoor Climate Co., Ltd.	Purchase of raw materials	1,172,387.95	0.01	197,150.20	-
		<b>28,423,597.49</b>	<b>0.19</b>	<b>1,594,044.16</b>	<b>0.01</b>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013		For the six months ended 30 June 2012		
	Amount	Percentage (%)	Amount	Percentage (%)	
<b>Transactions with other related parties</b>					
Beijing Building Materials Sales Center	Purchase of raw materials	1,451,433.42	0.01	604,387.49	0.01
Beijing Doors and Windows Co., Ltd.	Receipt of services	416,009.10	-	713,681.50	0.01
Beijing Doors and Windows Co., Ltd.	Purchase of raw materials	-	-	54,361.80	-
BBMG Assets Management Co., Ltd.	Purchase of raw materials	27,549.00	-	520,030.35	0.01
Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution	Receipt of services	85,150.00	-	43,189.00	-
Beijing Building Materials Industry Metrological Supervision Institute	Receipt of services	14,438.00	-	18,410.00	-
Beijing Longfengshan Sands and Stone Factory	Receipt of services	1,364,127.28	0.01	305,000.00	-
Beijing Jiaye Xincheng Labor Force-dispatching Co., Ltd.	Receipt of services	32,400.00	-	26,400.00	-
Beijing Building Materials Boiler Installation Co., Ltd.	Receipt of services	-	-	100,000.00	-
Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee	Receipt of services	2,000.00	-	2,890.00	-
Beijing Building Materials Group Corporation Industrial & Commerce Development Co., Ltd.	Receipt of services	-	-	57,949.85	-
Beijing Xisha Assets Management Co., Ltd.	Receipt of services	-	-	390,621.24	-
		<b>3,393,106.80</b>	<b>0.02</b>	<b>2,836,921.23</b>	<b>0.03</b>
		<b>31,816,704.29</b>	<b>0.21</b>	<b>4,430,965.39</b>	<b>0.04</b>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013		For the six months ended 30 June 2012		
	Amount	Percentage (%)	Amount	Percentage (%)	
<b>Sale of goods and render of services to related parties</b>					
<b>Transactions with the parent company</b>					
BBMG Group	Render of services	1,749,300.00	0.01	2,833,372.00	0.02
BBMG Group	Sale of goods	2,393.16	-	7,264.96	-
		<u>1,751,693.16</u>	<u>0.01</u>	<u>2,840,636.96</u>	<u>0.02</u>
<b>Transactions with jointly-controlled entities and associates</b>					
Krono (Beijing) Woods Co., Ltd.	Sale of goods, Render of services	30,422,351.84	0.15	16,941,165.63	0.11
Beijing Dynea Chemical Industry Co., Ltd.	Sale of goods	499,477.83	-	496,907.18	-
Beijing Sinobaide Technology Co., Ltd.	Sale of goods	-	-	260,473.12	-
Beijing Gaoqiang Concrete Co., Ltd.	Sale of goods	85,725,109.45	0.42	49,364,819.15	0.34
STAR-USG Building Materials Co., Ltd.	Sale of goods	1,062,100.94	0.01	-	-
OCV Reinforcements (Beijing) Co., Ltd.	Sale of goods	7,624,707.34	0.04	6,944,975.91	0.05
		<u>125,333,747.40</u>	<u>0.62</u>	<u>74,008,340.99</u>	<u>0.50</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013		For the six months ended 30 June 2012	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Sale of goods and render of services to related parties</b>				
<b>Transactions with other related parties</b>				
Beijing Xinshan Mineral Industry Co., Ltd.	-	-	310,190.19	-
Beijing Xinyuan Mineral Industry Co., Ltd.	-	-	393,367.87	-
Handan Hanni Building Materials Co., Ltd.	<b>415,133.94</b>	-	-	-
BBMG Properties Limited	<b>380,000.00</b>	-	846,965.00	0.01
Beijing Building Materials Sales Center	<b>256,410.26</b>	-	-	-
BBMG Sports Culture Co., Ltd.	<b>60,000.00</b>	-	1,400,000.00	0.01
BBMG Assets Operation and Management Co., Ltd.	<b>115,287.71</b>	-	-	-
Beijing Hazardous Waste Materials Treatment Centre	-	-	19,839.00	-
Beijing Quality Inspection & Supervision station of Wood Furniture	-	-	36,997.00	-
Beijing Chengrong Real Estate Development Co., Ltd.	-	-	150,000.00	-
Beijing Jinyu Scien-tech School	<b>50,000.00</b>	-	80,976.00	-
Beijing Dacheng Real Estate Development Co., Ltd.	<b>524,558.13</b>	-	50,000.00	-
Beijing Guanghua Woodworking Factory	<b>416,000.00</b>	-	159,179.34	-
Beijing Doors and Windows Co., Ltd.	<b>119,567,500.00</b>	<b>0.59</b>	-	-
	<b>121,784,890.04</b>	<b>0.59</b>	<b>3,447,514.40</b>	<b>0.02</b>
	<b>248,870,330.60</b>	<b>1.22</b>	<b>80,296,492.35</b>	<b>0.54</b>

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. The agreed price is market price.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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*

	Note	Type of assets entrusted	Starting Date	Termination date	Entrustment income recognised during the year
BBMG Group	(2)a	66.67% equity interest of Taihang Huaxin	July 2008	See note	Nil

Note (2)a: BBMG Group held 66.67% equity interest in Hebei Taihang Huaxin Building Materials Co., Ltd. ("**Taihang Huaxin**"), while the Company held 33.33% equity interest in Taihang Huaxin. By virtue of an entrustment agreement on the equity interest and the related supplementary agreement in relation to Taihang Huaxin dated 26 July 2008 and 24 May 2010 respectively entered into between the Company and BBMG Group, BBMG Group entrusted its holding of all 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 entrustment 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 2013

### 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*

Name of the lessee	Category of leased assets	Starting date	Termination date	Rental income recognised for the six months ended 30 June 2013	Rental income recognised for the six months ended 30 June 2012
STAR-USG Building Materials Co., Ltd	Building	1 August 2009	30 September 2030	<b>7,721,998.26</b>	7,740,898.31
STAR-USG Building Materials Co., Ltd	Building	1 July 2010	31 December 2013	<b>634,795.50</b>	634,795.50
STAR-USG Building Materials Co., Ltd	Building	20 July 2009	19 July 2012	–	9,000.00
Krono (Beijing) Woods Co., Ltd.	Building	1 January 2010	31 December 2013	<b>4,205,444.89</b>	3,422,797.92
Beijing Dynea Chemical Industry Co., Ltd.	Building	1 September 2011	1 August 2013	<b>54,750.00</b>	43,750.87
OCV Reinforcements (Beijing) Co., Ltd.	Plant	1 August 2011	30 July 2013	<b>275,450.00</b>	284,030.02
OCV Reinforcements (Beijing) Co., Ltd.	Plant	1 January 2012	31 December 2013	<b>484,610.50</b>	484,610.50
Beijing Sinobaide Technology Co., Ltd.	Building	1 March 2011	28 February 2014	<b>260,472.00</b>	38,655.60
Beijing Quality Inspection & Supervision Station of Plumbing Hardware	Building	1 January 2012	31 December 2013	<b>108,554.00</b>	108,554.00
Beijing Quality Inspection & Supervision Station of Plumbing Hardware	Building	1 January 2012	31 May 2013	<b>995,181.14</b>	931,434.00
Beijing Dacheng Real Estate Development Co., Ltd.	Building	1 July 2012	30 September 2013	<b>1,724,442.90</b>	716,000.00
				<b>16,465,699.19</b>	<b>14,414,526.72</b>



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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*

Name of the lessor	Category of leased assets	Starting date	Termination date	Rental expenses recognised for the six months ended 30 June 2013	Rental expenses recognised for the six months ended 30 June 2012
Beijing Longfengshan Sands and Stone Factory	Premise	1 January 2011	31 December 2012	-	324,576.00
Beijing Xisha Assets Management Co., Ltd.	Building	1 January 2009	31 December 2013	<b>1,144,162.00</b>	1,584,997.00
				<b>1,144,162.00</b>	<b>1,909,573.00</b>

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013**

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Group	Beijing Building Decoration and Design Engineering Co., Ltd.	30,000,000.00	7 November 2012	6 November 2013	No
BBMG Group	Beijing BBMG Business and Trading Co., Ltd.	20,000,000.00	15 March 2012	14 March 2013	Yes
BBMG Group	BBMG Jiaye Real Estate Development Co., Ltd.	150,000,000.00	21 May 2012	21 May 2014	No
BBMG Group	BBMG Jiaye Real Estate Development Co., Ltd.	420,000,000.00	27 June 2013	27 June 2016	No
BBMG Group	Tianjin BBMG Concrete Co., Ltd.	30,000,000.00	2 November 2012	1 November 2013	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	22,800,000.00	24 November 2010	25 December 2015	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	200,100,000.00	2 September 2010	25 December 2015	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	5,700,000.00	2 March 2011	25 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	10,800,000.00	22 December 2009	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	16,200,000.00	29 December 2009	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	27,000,000.00	1 February 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	86,400,000.00	16 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	17,100,000.00	20 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	28,800,000.00	13 October 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	11,700,000.00	2 March 2011	22 December 2015	No
		<b>1,076,600,000.00</b>			

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2012

Guarantor	Guaranteed party	Amount guaranteed	Starting date	Maturity date	Completion of performance of guarantee or not
BBMG Group	Beijing BBMG Business and Trading Co., Ltd.	30,000,000.00	30 June 2011	30 June 2012	Yes
BBMG Group	Beijing BBMG Business and Trading Co., Ltd.	10,000,000.00	29 September 2011	29 September 2012	No
BBMG Group	Beijing BBMG Business and Trading Co., Ltd.	10,000,000.00	23 November 2011	23 November 2012	No
BBMG Group	Baoding Taihang Heyi Cement Co., Ltd.	80,000,000.00	2 March 2010	1 March 2012	Yes
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	14,400,000.00	22 December 2009	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	21,600,000.00	29 December 2009	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	36,000,000.00	1 February 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	115,200,000.00	16 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	22,800,000.00	20 August 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	38,400,000.00	13 October 2010	22 December 2015	No
BBMG Group	Zhuolu Jinyu Cement Co., Ltd.	15,600,000.00	2 March 2011	22 December 2015	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	30,400,000.00	24 November 2010	25 December 2015	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	267,100,000.00	2 September 2010	25 December 2015	No
BBMG Group	Quyong Jinyu Cement Co., Ltd.	7,600,000.00	2 March 2011	25 December 2015	No
BBMG Group	BBMG Jiaye Real Estate Development Co., Ltd.	150,000,000.00	21 May 2012	21 May 2014	No
BBMG Group	Tianjin Zhenxing Cement Co., Ltd.	4,890,000.00	28 March 2011	27 March 2012	Yes
BBMG Group	Tianjin Zhenxing Cement Co., Ltd.	7,580,000.00	27 May 2011	26 May 2012	Yes
		<u>861,570,000.00</u>			

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

##### *Guarantees provided to related parties*

On 30 June 2013, investment properties of BBMG Hongye Ecological Science and Technology Co., Ltd., a subsidiary of the Group, were pledged as guarantee for the debts of RMB800,000,000.00 (31 December 2012: RMB800,000,000.00) of BBMG Group. The starting date of the guarantee is 8 May 2009 and the maturity date of the guarantee is 23 May 2017.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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

For the six months ended 30 June 2012

		Amount	Commencement date	Maturity date
STAR-USG Building Materials Co., Ltd.	(5)a	25,158,400.00	April 2012	No fixed date

###### Borrowings

For the six months ended 30 June 2013

	Note	Amount	Commencement date	Maturity date
BBMG Group	(5)b	500,000,000.00	4 January 2013	25 October 2013
BBMG Group	(5)b	500,000,000.00	10 April 2013	10 April 2014
BBMG Group	(5)b	170,000,000.00	25 April 2013	25 April 2014
BBMG Group	(5)b	300,000,000.00	6 May 2013	6 May 2014
BBMG Group	(5)b	400,000,000.00	9 May 2013	9 May 2014

For the six months ended 30 June 2012

		Amount	Commencement date	Maturity date
BBMG Group	(5)b	500,000,000.00	18 April 2012	18 April 2013
BBMG Group	(5)b	300,000,000.00	4 May 2012	4 May 2013
BBMG Group	(5)b	400,000,000.00	8 May 2012	8 May 2013

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., the rate was in line with the benchmark 1-year lending rate issued by People's Bank of China in the corresponding period. The interest income recognised for the six months ended 30 June 2013 was RMB2,461,550.04.

Note (5)b: Through financial institutions, the Group obtained entrusted loans of RMB1,870,000,000.00 from BBMG Group, which were used for liquidity purposes. As of 30 June 2013, the balance of these loans was RMB3,520,000,000.00 (31 December 2012: RMB2,850,000,000.00). The interest rates of the aforesaid loans were in line with the benchmark rates announced 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 2013, the total interest expenses recognised for the loans were RMB117,618,410.96 (For the six months ended 30 June 2012: RMB172,476,200.00).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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)*

Interest income from lending:

	<b>For the six months ended 30 June 2013</b>	For the six months ended 30 June 2012
STAR-USG Building Materials Co., Ltd.	<b>2,461,550.04</b>	2,189,170.15

Interest expenses from borrowing:

	<b>For the six months ended 30 June 2013</b>	For the six months ended 30 June 2012
BBMG Group	<b>117,618,410.96</b>	172,476,200.00

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 6. Balances of receivables due from related parties

	30 June 2013	31 December 2012
Trade receivables		
Due from associates		
Zehnder (China) Indoor Climate Co., Ltd.	–	64,000.00
Beijing Gaoqiang Concrete Co., Ltd.	<b>92,000,077.33</b>	73,856,015.93
	<b>92,000,077.33</b>	73,920,015.93
Due from a jointly-controlled entity		
STAR-USG Building Materials Co., Ltd.	<b>9,408,198.32</b>	5,539,099.16
Due from other related parties		
Beijing Dacheng Real Estate Development Co., Ltd.	<b>7,834,587.42</b>	8,394,514.74
Due from the parent company		
BBMG Group	<b>27,338.00</b>	–
	<b>109,270,201.07</b>	87,853,629.83
Advances to suppliers		
Prepayments to an associate		
Zehnder (China) Indoor Climate Co., Ltd.	<b>20,000.00</b>	603,181.39
Krono (Beijing) Woods Co., Ltd.	–	10,500,000.00
	<b>20,000.00</b>	11,103,181.39
Advances to other related parties		
BBMG Assets Operation and Management Co., Ltd.	–	3,385.72
	<b>20,000.00</b>	11,106,567.11

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

	30 June 2013	31 December 2012
Other receivables		
Due from the parent company		
BBMG Group	<b>111,226,484.82</b>	–
Due from associates		
Zehnder (China) Indoor Climate Co., Ltd.	<b>2,871,971.22</b>	2,881,471.22
Beijing Dynea Chemical Industry Co., Ltd.	<b>119,154.32</b>	272,502.88
Krono (Beijing) Woods Co., Ltd.	<b>8,001,719.03</b>	2,415,674.32
Krono (Beijing) Flooring Co., Ltd.	<b>200,000.00</b>	200,000.00
Beijing Sinobaide Technology Co., Ltd.	<b>1,560,000.00</b>	9,062.00
	<b>12,752,844.57</b>	5,778,709.82
Due from a jointly-controlled entity		
STAR-USG Building Materials Co., Ltd.	<b>87,067,246.40</b>	84,974,879.61
	<b>211,046,575.79</b>	90,753,589.43
Interest receivable		
Due from a jointly-controlled entity		
STAR-USG Building Materials Co., Ltd.	<b>1,382,841.69</b>	1,411,125.80
Dividend receivable		
Due from an associate		
Beijing Gaoqiang Concrete Co., Ltd.	–	1,215,425.00

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 7. Balances of payables to related parties

	30 June 2013	31 December 2012
Accounts payable		
Due to the parent company		
BBMG Group	–	82,582,881.98
Due to associates		
Beijing Dynea Chemical Industry Co., Ltd.	–	1,275,125.22
Zehnder (China) Indoor Climate Co., Ltd.	<b>221,500.00</b>	221,500.00
Krono (Beijing) Woods Co., Ltd.	–	12,538,110.92
	<b>221,500.00</b>	14,034,736.14
Due to jointly-controlled entities		
STAR-USG Building Materials Co., Ltd.	<b>878,503.46</b>	3,889,760.55
BBMG Landao Commercial Operation Management Co., Ltd.	–	7,500.00
	<b>878,503.46</b>	3,897,260.55
Due to other related parties		
Beijing Building Materials Group Corporation Industrial & Commerce Development Co., Ltd.	–	410,595.11
Beijing Building Materials Sales Center	<b>700,955.04</b>	95,839.14
	<b>700,955.04</b>	506,434.25
	<b>1,800,958.50</b>	101,021,312.92



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

	30 June 2013	31 December 2012
Advances from customers		
Advances received from other related parties		
Beijing Longfengshan Sands and Stone Factory	<b>149,098.29</b>	149,098.29
Beijing Xisha Assets Management Co., Ltd.	<b>225,443,500.00</b>	225,443,500.00
Beijing Doors and Windows Co., Ltd.	<b>54,569,900.00</b>	174,137,400.00
BBMG Assets Operation and Management Co., Ltd.	–	238,567.00
Beijing Xinshan Mineral Industry Co., Ltd.	<b>238,567.00</b>	–
Beijing Building Materials Sales Center	<b>517,929.35</b>	420.00
	<b>280,918,994.64</b>	399,968,985.29
Advances received from a jointly-controlled entity		
BBMG Zhaode Property Development Co., Ltd.	<b>70,880,444.53</b>	70,880,444.53
	<b>351,799,439.17</b>	470,849,429.82

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

	30 June 2013	31 December 2012
Other payables		
Due to the parent company		
BBMG Group	–	197,051,945.35
Due to associates		
Beijing Sinobaide Technology Co., Ltd.	–	380,500.00
OCV Reinforcements (Beijing) Co., Ltd.	–	159,200.00
	–	539,700.00
Due to a jointly-controlled entity		
STAR-USG Building Materials Co., Ltd.	<b>1,148,111.52</b>	229,298.86
	<b>1,148,111.52</b>	197,820,944.21
Notes payable		
Due to an associate		
Krono (Beijing) Woods Co., Ltd.	<b>4,500,000.00</b>	–
Short-term borrowings		
BBMG Group	<b>3,520,000,000.00</b>	2,850,000,000.00

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 2013

### VII. CONTINGENCIES

	Note	30 June 2013	31 December 2012
Providing guarantee for related parties	Note 1	<b>800,000,000.00</b>	800,000,000.00
Providing guarantee for third parties	Note 2	<b>3,041,713,100.77</b>	3,885,136,892.77
		<b>3,841,713,100.77</b>	<b>4,685,136,892.77</b>

Note 1: BBMG Hongye Ecological Science and Technology Co., Ltd., a subsidiary of the Group, provided a guarantee for BBMG Group. See Note VI.5.(4).

Note 2: Some of the Group's customers purchased the commodity houses developed by the Group by way of mortgages (mortgage loans) provided by the banks. According to the requirements of personal housing mortgage loans, the Group provided joint and several liability guarantees by phases for the mortgage loans provided by the banks to the purchasers. These guarantees will be released upon obtaining building ownership certificates and completion of formalities of housing mortgage registration by the home buyers. The Directors are of the view that, should there be any defaults in repayment, the net realisable values of the said properties are still sufficient to repay the unsettled mortgage principals and the interests and penalties accrued. Therefore, no provision has been made for the guarantees in the financial statements.

### VIII. COMMITMENTS

	30 June 2013	31 December 2012
Acquisition or construction of fixed assets which are contracted but not completed	<b>418,479,180.51</b>	600,880,577.76
Property development contracts which are contracted and being executed or will be executed	<b>6,715,086,132.93</b>	5,386,341,877.26
Equity investment contracts which are contracted and being executed	<b>274,252,044.48</b>	216,500,000.00
	<b>7,407,817,357.92</b>	<b>6,203,722,455.02</b>

The significant commitments made by the Group as at 31 December 2012 have been duly performed as previously undertaken.

### IX. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

As considered and approved by the 19th meeting of the 2nd session of the Board held on 28 August 2012 and the first extraordinary general meeting in 2012 held on 26 October 2012, and according to the file Zhong Shi Xie Zhu No. [2013] No. CP54 issued by the National Association of Financial Market Institutional Investors, the Company completed the issue of its second tranche of short-term financing bonds in 2013 on 22 July 2013, totaling RMB1,000,000,000 with a coupon of 5.2%.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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:

	30 June 2013	31 December 2012
Within 1 year (inclusive of 1 year)	<b>816,962,493.44</b>	640,098,815.99
1 to 2 years (inclusive of 2 years)	<b>527,346,376.98</b>	435,162,423.70
2 to 3 years (inclusive of 3 years)	<b>321,988,253.20</b>	242,725,998.55
Over 3 years	<b>908,290,744.19</b>	643,497,777.35
	<b><u>2,574,587,867.81</u></b>	<u>1,961,485,015.59</u>

Please refer to Note V.12 and 13 for details of investment properties and fixed assets leased under operating leases.

##### *As lessee*

Significant operating leases: according to the lease contracts entered into with lessors, the minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2013	31 December 2012
Within 1 year (inclusive of 1 year)	<b>43,778,963.01</b>	39,921,183.61
1 to 2 years (inclusive of 2 years)	<b>23,340,366.34</b>	25,508,664.68
2 to 3 years (inclusive of 3 years)	<b>19,041,223.65</b>	18,944,129.36
Over 3 years	<b>84,313,228.80</b>	87,012,067.66
	<b><u>170,473,781.80</u></b>	<u>171,386,045.31</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### X. OTHER SIGNIFICANT MATTERS *(continued)*

#### 2. Assets and liabilities measured at fair value

For the six months ended 30 June 2013

	Opening balance	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	Closing balance
Investment properties	12,840,400,000.00	320,192,740.78	3,794,773.35	-	13,169,800,000.00

#### 3. Segment reporting

##### *Operating segments*

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

- (1) the cement segment engages in the manufacture and sale of cement and concrete;
- (2) the building materials and commercial logistics segment engages in the manufacture and sale of building materials and furniture and commercial logistics;
- (3) the property development segment engages in the development and sale of real estate; and
- (4) the property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential and commercial properties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results are evaluated based on the segment profits reported. It represents the indicator after adjustments have been made to total profit, and except for excluding overheads attributable to the head office, it is consistent with the Group's total profit.

Segment assets and segment liabilities exclude unallocated assets and liabilities of the head office, because all such assets and 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 transactions with third parties.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### X. OTHER SIGNIFICANT MATTERS *(continued)*

#### 3. Segment reporting *(continued)*

##### *Operating segments (continued)*

For the six months ended 30 June 2013

	Building Materials and Commercial		Property	Property	Unallocated	Elimination	Total
	Cement Segment	Logistics Segment	Development Segment	Investment and Management Segment	corporate assets/ liabilities/expenses		
Revenues from external transactions	5,582,864,866.04	7,386,332,884.03	6,439,065,228.13	1,004,966,633.58	-	(26,606,772.31)	20,386,622,839.47
Revenues from inter-segment transactions	2,305,448.61	178,606,422.38	1,300,000.00	-	-	(182,211,870.99)	-
	<u>5,585,170,314.65</u>	<u>7,564,939,306.41</u>	<u>6,440,365,228.13</u>	<u>1,004,966,633.58</u>	<u>-</u>	<u>(208,818,643.30)</u>	<u>20,386,622,839.47</u>
Gains/(losses) on investments in associates and joint ventures	304,275.80	(24,609,234.92)	-	512,193.00	-	-	(23,792,766.12)
Losses from impairment of assets	(10,450,989.63)	(1,939,847.36)	(2,335.49)	-	-	-	(12,393,172.48)
Depreciation and amortisation charges	470,891,814.11	51,750,985.81	4,341,995.02	61,096,221.10	11,440,821.65	-	599,521,837.69
Total profits	66,692,448.04	45,040,996.63	1,175,154,927.72	731,505,933.47	(248,484,702.65)	(47,105,036.00)	1,722,804,567.21
Income tax expense	54,282,212.25	(44,837,985.23)	298,773,925.46	119,937,474.46	-	(1,384,314.80)	426,771,312.14
Total assets	25,877,061,128.86	8,298,350,551.81	39,258,490,207.75	17,898,016,091.43	2,647,444,346.60	(4,863,555,322.04)	89,115,807,004.41
Total liabilities	12,591,253,259.01	4,338,958,796.90	34,009,280,042.58	7,508,976,479.47	8,868,859,709.39	(4,966,751,357.39)	62,350,576,929.96
<b>Other disclosure</b>							
Long-term equity investment in associates and joint ventures	24,961,909.45	342,564,157.67	10,000,000.00	3,846,744.16	-	-	381,372,811.28
Increase in other non-current assets (excluding long-term equity investments)	1,223,679,491.15	192,157,724.66	4,292,172.74	66,461,977.61	-	-	1,486,591,366.16

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### X. OTHER SIGNIFICANT MATTERS *(continued)*

#### 3. Segment reporting *(continued)*

##### *Operating segments (continued)*

For the six months ended 30 June 2012

	Cement Segment	Building Materials and Commercial Logistics Segment	Property Development Segment	Property Investment and Management Segment	Unallocated corporate assets/ liabilities/expenses	Elimination on consolidation	Total
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)	-
	<u>5,423,128,077.98</u>	<u>3,060,911,182.18</u>	<u>5,558,341,764.79</u>	<u>912,825,166.47</u>	<u>-</u>	<u>(209,247,055.61)</u>	<u>14,745,959,135.81</u>
Gains/(losses) on investment in associate and joint ventures	1,019,442.76	(16,569,298.93)	-	(21,752,512.47)	-	-	(37,302,368.64)
Losses from impairment of assets	10,661,851.45	14,967,985.82	148,604.09	(12,620,290.76)	-	-	13,158,150.60
Depreciation and amortisation charges	409,625,260.84	52,611,113.04	5,989,528.11	75,526,813.02	13,633,092.79	-	557,385,807.80
Total profits	522,390,350.40	28,825,098.60	1,303,995,947.11	625,872,384.18	(326,497,544.12)	(40,910,325.26)	2,113,675,910.91
Income tax expense	131,703,334.51	18,626,135.60	325,422,329.06	114,379,890.70	-	(4,405,561.57)	585,726,128.30
31 December 2012							
Total assets	24,774,017,463.16	7,006,066,922.77	36,784,183,248.14	17,160,666,478.54	2,222,167,932.03	(4,785,298,414.30)	83,161,803,630.34
Total liabilities	12,805,332,632.87	3,566,863,982.34	32,205,497,477.73	7,847,581,691.93	6,675,698,867.92	(4,963,860,146.18)	58,137,114,506.61
<b>Other disclosure</b>							
Long-term equity investment in associates and joint ventures	24,657,633.65	368,733,392.60	10,000,000.00	4,551,378.08	-	-	407,942,404.33
Increase in other non-current assets (excluding long-term equity investments)	3,145,940,490.53	322,706,361.15	13,847,937.40	228,209,626.46	-	-	3,710,704,415.54

##### **Other information**

###### *Information on products and labour services*

Revenue by product/service is set out in Note V.43.

###### *Geographic information*

The major businesses and customers of the Group are located in PRC. The segment's revenue from external transactions and major non-current assets are also generated or located in PRC.

###### *Information on our major customers*

For the six months ended 30 June 2013, none of sales income arising from any single customer of the Group exceeds 10% of the Group's total revenues (For the six months ended 30 June 2012: nil).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

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

#### *Financial instruments by category*

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

	<b>30 June 2013</b>	31 December 2012
Financial assets	<b>Loans and receivables</b>	Loans and receivables
Cash and bank balances	<b>8,084,364,849.02</b>	5,906,094,546.45
Bills receivable	<b>822,734,787.54</b>	1,028,662,688.14
Accounts receivable	<b>5,146,180,829.44</b>	3,991,796,374.16
Interests receivable	<b>1,382,841.69</b>	1,411,125.80
Dividends receivable	-	1,215,425.00
Other receivables	<b>2,478,474,609.24</b>	1,899,515,319.31
	<b><u>16,533,137,916.93</u></b>	<u>12,828,695,478.86</u>



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### X. OTHER SIGNIFICANT MATTERS *(continued)*

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

##### *Financial instruments by category (continued)*

	<b>30 June 2013</b>	31 December 2012
Financial liabilities	<b>Other financial liabilities</b>	Other financial liabilities
Short-term loans	<b>11,250,500,000.00</b>	11,388,286,880.00
Bills payable	<b>331,763,985.87</b>	430,004,020.52
Accounts payable	<b>7,015,425,497.00</b>	6,569,201,907.77
Interest payable	<b>276,640,606.13</b>	155,274,711.13
Dividend payable	<b>344,002,926.45</b>	43,048,069.19
Other payables	<b>2,300,144,042.22</b>	2,440,181,102.76
Non-current liabilities due within one year	<b>1,661,420,000.00</b>	2,576,020,000.00
Long-term loans	<b>6,006,995,904.61</b>	4,757,051,545.34
Bonds payable	<b>6,705,606,060.93</b>	6,692,453,587.34
Short-term financing bonds payable	<b>3,000,000,000.00</b>	1,000,000,000.00
	<b><u>38,892,499,023.21</u></b>	<u>36,051,521,824.05</u>

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, bills receivable and other receivables, etc. arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in 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.

Please refer to Note V.5 and 6 for quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### X. OTHER SIGNIFICANT MATTERS *(continued)*

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

##### *Financial instruments by category (continued)*

As at 30 June 2013 and 31 December 2012, the aging analysis of financial assets which are not considered as impaired is as follows:

##### 30 June 2013

	Total	Neither past due		Past due	
		nor impaired	Within 3 months	3 to 6 months	Over 6 months
Accounts receivable	4,863,249,957.68	2,426,196,479.37	1,597,898,464.25	376,789,629.92	462,365,384.14
Other receivables	2,447,380,111.22	2,447,380,111.22	-	-	-
Bills receivable	822,734,787.54	822,734,787.54	-	-	-
Interest receivable	1,382,841.69	1,382,841.69	-	-	-

##### 31 December 2012

	Total	Neither past due		Past due	
		nor impaired	Within 3 months	3 to 6 months	Over 6 months
Accounts receivable	3,698,332,200.12	1,779,459,575.20	850,473,265.61	434,217,175.82	634,182,183.49
Other receivables	1,851,756,735.68	1,851,756,735.68	-	-	-
Bills receivable	1,028,662,688.14	1,028,662,688.14	-	-	-
Interest receivable	1,411,125.80	1,411,125.80	-	-	-
Dividend receivable	1,215,425.00	1,215,425.00	-	-	-

As at 30 June 2013, 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 2013, 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 2013

### X. OTHER SIGNIFICANT MATTERS *(continued)*

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

##### *Liquidity risk (continued)*

The Group's 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 adequate cash inflows from operations to meet its debt obligations as they fall due and external financing to meet its committed future capital expenditure. With respect to future capital commitment and other funding requirements, the Company's credit facilities granted by domestic banks amounted to RMB37,550,000,000.00 as at 30 June 2013, of which RMB22,101,500,000.00 remained unutilised.

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

##### 30 June 2013

	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable	5,850,787,277.66	741,877,674.28	313,812,716.47	108,947,828.59	7,015,425,497.00
Interests payable	276,640,606.13	-	-	-	276,640,606.13
Dividends payable	327,232,326.45	-	16,770,600.00	-	344,002,926.45
Other payables	1,522,484,093.56	442,250,517.06	91,515,945.00	243,893,486.60	2,300,144,042.22
Bills payable	331,763,985.87	-	-	-	331,763,985.87
Bank borrowings	13,656,785,858.55	995,124,690.75	5,391,142,744.00	131,264,757.81	20,174,318,051.11
Bonds payable	5,366,880,000.00	251,400,000.00	3,051,400,000.00	2,234,000,000.00	10,903,680,000.00
	<u>27,332,574,148.22</u>	<u>2,430,652,882.09</u>	<u>8,864,642,005.47</u>	<u>2,718,106,073.00</u>	<u>41,345,975,108.78</u>

##### 31 December 2012

	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable	4,868,812,557.66	1,317,545,708.47	228,144,901.50	154,698,740.14	6,569,201,907.77
Interests payable	155,274,711.13	-	-	-	155,274,711.13
Dividends payable	26,277,469.19	16,770,600.00	-	-	43,048,069.19
Other payables	1,618,765,893.48	496,793,758.73	107,126,930.08	217,494,520.47	2,440,181,102.76
Bills payable	430,004,020.52	-	-	-	430,004,020.52
Bank borrowings	14,641,545,845.81	1,518,796,189.99	3,467,927,863.04	270,208,273.97	19,898,478,172.81
Bonds payable	1,381,480,000.00	2,233,480,000.00	3,051,400,000.00	2,234,000,000.00	8,900,360,000.00
	<u>23,122,160,497.79</u>	<u>5,583,386,257.19</u>	<u>6,854,599,694.62</u>	<u>2,876,401,534.58</u>	<u>38,436,547,984.18</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### X. OTHER SIGNIFICANT MATTERS *(continued)*

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

##### *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 price risk of equity instrument investment.

##### *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 manages its interest cost using a mix of fixed and variable rate debts.

The sensitivity analysis of interest rate risk reflected the impact on net profit (through the impact on floating rate borrowings) and shareholder's equity when a reasonably possible change in interest rates occurred, with all other variables held constant.

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 2013 and the six months ended 30 June 2012 would decrease or increase by approximately RMB130,744,452.26 and RMB163,564,231.48, respectively, and except for retained earnings, it would have no impact on other constituents of the Group's consolidated shareholder's equity.

##### *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 shareholder's equity for the current period.

		Total profit	Equity (Note)
	Percentage of appreciation	Increase/(decrease)	Increase/(decrease)
For the six months ended			
30 June 2013	USD\$ appreciation of 1%	(5,261.78)	–
For the six months ended			
30 June 2013	HK\$ appreciation of 1%	(75,938.51)	–
For the six months ended			
30 June 2012	USD\$ appreciation of 1%	(7,157.52)	–
For the six months ended			
30 June 2012	HK\$ appreciation of 1%	(242,760.89)	–

Note: Retained earnings excluded in equity.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013	31 December 2012	30 June 2013	31 December 2012
Financial assets				
Cash and bank balances	<b>8,084,364,849.02</b>	5,906,094,546.45	<b>8,084,364,849.02</b>	5,906,094,546.45
Bills receivable	<b>822,734,787.54</b>	1,028,662,688.14	<b>822,734,787.54</b>	1,028,662,688.14
Accounts receivable	<b>5,146,180,829.44</b>	3,991,796,374.16	<b>5,146,180,829.44</b>	3,991,796,374.16
Interests receivable	<b>1,382,841.69</b>	1,411,125.80	<b>1,382,841.69</b>	1,411,125.80
Dividends receivable	-	1,215,425.00	-	1,215,425.00
Other receivables	<b>2,478,474,609.24</b>	1,899,515,319.31	<b>2,478,474,609.24</b>	1,899,515,319.31
	<b><u>16,533,137,916.93</u></b>	<u>12,828,695,478.86</u>	<b><u>16,533,137,916.93</u></b>	<u>12,828,695,478.86</u>
Financial liabilities				
Short-term loans	<b>11,250,500,000.00</b>	11,388,286,880.00	<b>11,250,500,000.00</b>	11,388,286,880.00
Bills payable	<b>331,763,985.87</b>	430,004,020.52	<b>331,763,985.87</b>	430,004,020.52
Accounts payable	<b>7,015,425,497.00</b>	6,569,201,907.77	<b>7,015,425,497.00</b>	6,569,201,907.77
Interests payable	<b>276,640,606.13</b>	155,274,711.13	<b>276,640,606.13</b>	155,274,711.13
Dividends payable	<b>344,002,926.45</b>	43,048,069.19	<b>344,002,926.45</b>	43,048,069.19
Other payables	<b>2,300,144,042.22</b>	2,440,181,102.76	<b>2,300,144,042.22</b>	2,440,181,102.76
Non-current liabilities due				
within one year	<b>1,661,420,000.00</b>	2,576,020,000.00	<b>1,661,420,000.00</b>	2,576,020,000.00
Long-term loans	<b>6,006,995,904.61</b>	4,757,051,545.34	<b>6,006,995,904.61</b>	4,757,051,545.34
Bonds payable	<b>6,705,606,060.93</b>	6,692,453,587.34	<b>6,705,606,060.93</b>	6,692,453,587.34
Short-term financing bonds	<b>3,000,000,000.00</b>	1,000,000,000.00	<b>3,000,000,000.00</b>	1,000,000,000.00
	<b><u>38,892,499,023.21</u></b>	<u>36,051,521,824.05</u>	<b><u>38,892,499,023.21</u></b>	<u>36,051,521,824.05</u>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### **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 value.

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

The fair values of long and short-term loans, bonds payable and similar instruments are calculated by discounting the future cash flows using market yields currently available for other financial instruments with substantially equivalent terms and characteristics as the discount rate.

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

The Group uses the following hierarchies for fair value measurement:

Level 1: fair values are measured using quoted prices 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 inactive 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.

#### **5. Comparative figures**

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

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### X. OTHER SIGNIFICANT MATTERS *(continued)*

#### 6. Supplementary information to the statement of financial position

Net current assets (consolidated)	<b>30 June 2013</b>	31 December 2012
Current assets	<b>52,254,035,051.56</b>	47,101,878,945.40
Less: current liabilities	<b>46,225,860,227.51</b>	43,462,947,177.04
Net current assets	<b>6,028,174,824.05</b>	3,638,931,768.36
Total assets less current liabilities (consolidated)	<b>30 June 2013</b>	31 December 2012
Total assets	<b>89,115,807,004.41</b>	83,161,803,630.34
Less: current liabilities	<b>46,225,860,227.51</b>	43,462,947,177.04
Total assets less current liabilities	<b>42,889,946,776.90</b>	39,698,856,453.30
Net current assets (the Company)	<b>30 June 2013</b>	31 December 2012
Current assets	<b>19,664,730,414.06</b>	17,229,335,327.59
Less: Current liabilities	<b>17,741,453,465.81</b>	15,541,552,149.32
Net current assets/(liabilities)	<b>1,923,276,948.25</b>	1,687,783,178.27
Total assets less current liabilities (the Company)	<b>30 June 2013</b>	31 December 2012
Total assets	<b>47,420,528,255.50</b>	44,107,590,398.72
Less: current liabilities	<b>17,741,453,465.81</b>	15,541,552,149.32
Total assets less current liabilities	<b>29,679,074,789.69</b>	28,566,038,249.40

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

#### 1. Other receivables

An aging analysis of other receivables is as follows:

	30 June 2013	31 December 2012
Within 1 year	<b>16,856,819,573.93</b>	14,827,697,064.41
1 to 2 years	<b>99,970,303.10</b>	–
2 to 3 years	<b>30,380,000.00</b>	30,380,000.00
4 to 5 years	–	1,563,990.61
Over 5 years	<b>11,318,416.10</b>	9,754,425.49
	<b>16,998,488,293.13</b>	14,869,395,480.51
Provision for bad debt of other receivables	<b>(31,698,203.12)</b>	(31,698,203.12)
	<b>16,966,790,090.01</b>	14,837,697,277.39

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

	For the six months ended 30 June 2013	2012
Amount at beginning of the period/year	<b>31,698,203.12</b>	62,356,964.26
Reversal for the current period/year	–	(30,658,761.14)
Amount at end of the period/year	<b>31,698,203.12</b>	31,698,203.12



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

(continued)

#### 1. Other receivables (continued)

	30 June 2013				31 December 2012			
	Gross carrying amount		Provision for bad debt		Gross carrying amount		Provision for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and subject to separate provision	33,180,183.06	0.20	20,246,783.06	61.02	34,180,183.06	0.23	20,246,783.06	59.24
Subject to provision by groups								
Within 1 year (inclusive of 1 year)	148,380,438.27	0.87	-	-	44,189,296.61	0.30	-	-
Over 5 years	9,754,425.49	0.06	9,754,425.49	100.00	9,754,425.49	0.06	9,754,425.49	100.00
	158,134,863.76	0.93	9,754,425.49		53,943,722.10	0.36	9,754,425.49	
Special credit characteristics group	16,805,412,086.36	98.86	-	-	14,779,510,415.40	99.40	-	-
Individually not significant but subject to separate provision for bad debt	1,761,159.95	0.01	1,696,994.57	96.36	1,761,159.95	0.01	1,696,994.57	96.36
	<u>16,998,488,293.13</u>	<u>100.00</u>	<u>31,698,203.12</u>		<u>14,869,395,480.51</u>	<u>100.00</u>	<u>31,698,203.12</u>	

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

(continued)

#### 1. Other receivables (continued)

As at 30 June 2013, the top five other receivables were as follows:

	Relationship with the Company	Amount	Age	Proportion in total other receivables (%)
Beijing BBMG Dacheng Property Development Co., Ltd.	Subsidiary	2,020,000,000.00	Within 1 year	10.79
BBMG (Hangzhou) Property Development Limited	Subsidiary	1,454,000,000.00	Within 1 year	7.76
Beijing Jinyu Jiaye Real Estate Development Co., Ltd.	Subsidiary	1,420,997,945.22	Within 1 year	7.59
BBMG (Tianjin) Property Development Limited	Subsidiary	1,410,000,000.00	Within 1 year	7.53
Beijing BBMG Chengyuan Property Development Co., Ltd.	Subsidiary	981,091,907.06	Within 1 year	5.24
		<u>7,286,089,852.28</u>		<u>38.91</u>

Other receivables including the amounts due from the parent, subsidiaries, jointly-controlled entities and associates were as follows:

	30 June 2013	31 December 2012
Amounts due from the parent	<b>131,881,600.00</b>	–
Amounts due from subsidiaries	<b>16,582,071,961.15</b>	14,722,979,875.40
Amounts due from jointly-controlled entities	<b>81,688,940.00</b>	81,688,940.00
Amounts due from associates	<b>2,871,971.22</b>	62,936.72
	<u><b>16,798,514,472.37</b></u>	<u>14,804,731,752.12</u>

Other receivables due from related companies are unsecured and repayable on demand.

Other than the amount of RMB131,881,600.00 (31 December 2012: nil) due from the parent, there were no other receivables due from shareholders holding 5% or more of the Company's voting rights (31 December 2012: nil).

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

(continued)

#### 2. Long-term equity investments

For the six months ended 30 June 2013

	Investment cost	Opening balance	Increase/ (decrease) in the year	Closing balance	Shareholding (%)	Percentage of voting rights (%)	Cash dividends for the year
Cost method:							
Beijing Lulihe 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	-
Beijing BBMG Mangrove Environmental Protection Technology Co., Ltd.	2,036,662,200.00	1,093,444,400.00	-	1,093,444,400.00	51.00	51.00	-
Yangquan Tongda BBMG Refractory Materials Co., Ltd.	-	60,000,000.00	(60,000,000.00)	-	-	-	-
Luquan BBMG 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	100.00	-
Zanhuang BBMG Cement Co., Ltd.	600,000,000.00	450,000,000.00	150,000,000.00	600,000,000.00	100.00	100.00	-
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 Jinyu Cement Co., Ltd.	318,071,805.81	286,161,805.81	31,910,000.00	318,071,805.81	100.00	100.00	-
Tianjin Zhenxing Cement Co., Ltd.	392,950,236.38	392,950,236.38	-	392,950,236.38	60.64	60.64	-
Quyuan Jinyu 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.	202,047,000.00	102,047,000.00	100,000,000.00	202,047,000.00	97.80	97.80	-
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	86.60	86.60	-
Zhuolu Jinyu Cement Co., Ltd.	286,677,498.05	286,677,498.05	-	286,677,498.05	100.00	100.00	-
Beijing BBMG Tiantan Furniture Co., Ltd.	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	-
Tongda Refractory Technology Co., Ltd.	412,160,000.00	412,160,000.00	-	412,160,000.00	81.10	81.10	-
Beijing Jinyu Energy-Saving Technology Co., Ltd.	342,450,576.31	342,450,576.31	-	342,450,576.31	100.00	100.00	-
Beijing Jinyu Aerated Concrete 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	-
Beijing Xiliu Building Materials Co., Ltd.	100,693,940.92	100,693,940.92	-	100,693,940.92	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	-

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

(continued)

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

For the six months ended 30 June 2013 (continued)

	Investment cost	Opening balance	Increase/ (decrease) in the year	Closing balance	Shareholding (%)	Percentage of voting rights (%)	Cash dividends for the year
Cost method: (continued)							
Beijing Keshi Hardware Co., Ltd.	24,821,267.11	24,821,267.11	-	24,821,267.11	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 Energy Saving Components Co., Ltd.	29,980,669.86	29,980,669.86	-	29,980,669.86	82.00	82.00	-
BBMG Jiaye Real Estate Development Co., Ltd.	1,665,138,411.45	1,665,138,411.45	-	1,665,138,411.45	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	-
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	85.00	100.00	-
Beijing Jinyu 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 Business and Trading Co., Ltd.	410,000,000.00	410,000,000.00	-	410,000,000.00	100.00	100.00	-
Beijing Jinhaiyan Property Management Co., Ltd.	5,633,292.75	4,133,292.75	1,500,000.00	5,633,292.75	100.00	100.00	-
Beijing BBMG Chengyuan Property Development Co., Ltd.	473,509,857.53	473,509,857.53	-	473,509,857.53	100.00	100.00	-
Beijing Building Decoration and Design Engineering Co., Ltd.	82,429,882.34	82,429,882.34	-	82,429,882.34	100.00	100.00	-
Beijing Lvduhangke Science and Technology Co., Ltd.	43,615,552.98	43,615,552.98	-	43,615,552.98	100.00	100.00	-
Beijing BBMG Doulian Technology Corporate Management Co., Ltd.	152,788,777.09	52,788,777.09	100,000,000.00	152,788,777.09	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	-
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 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	-
Baoding Taihang Heyi Cement Co., Ltd.	120,000,000.00	120,000,000.00	-	120,000,000.00	75.00	75.00	-
Handan BBMG Taihang Cement Co., Ltd.	719,986,626.30	719,986,626.30	-	719,986,626.30	94.67	94.67	-

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

(continued)

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

For the six months ended 30 June 2013 (continued)

	Investment cost	Opening balance	Increase/ (decrease) in the year	Closing balance	Shareholding (%)	Percentage of voting rights (%)	Cash dividends for the year
Cost method: (continued)							
Handan Shexian BBMG Cement Co., Ltd.	181,678,700.00	181,678,700.00	-	181,678,700.00	91.00	91.00	-
Beijing Chinafarge Cement Co., Ltd.	464,740,918.29	464,740,918.29	-	464,740,918.29	95.70	95.70	-
BBMG Shunfa Lafarge 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	-
BBMG Material Industrial (Shanghai) Co., Ltd.	40,800,000.00	40,800,000.00	-	40,800,000.00	51.00	51.00	-
BBMG Mortar Co., Ltd.	80,000,000.00	80,000,000.00	-	80,000,000.00	80.00	80.00	-
Guangling Jinyu Cement Co., Ltd.	300,000,000.00	220,000,000.00	80,000,000.00	300,000,000.00	100.00	100.00	-
Bo'ai BBMG Cement Co., Ltd.	223,500,000.00	143,500,000.00	80,000,000.00	223,500,000.00	74.54	74.54	-
Beijing Yadu Science & Technology Co., Ltd.	200,000.00	200,000.00	-	200,000.00	0.20	0.20	-
Chengde BBMG Cement Co., Ltd.	240,044,464.00	6,328,450.01	233,671,549.99	240,000,000.00	95.85	95.85	-
Fengfeng BBMG Concrete Co., Ltd.	30,000,000.00	-	30,000,000.00	30,000,000.00	100.00	100.00	-
Handan Danshan BBMG Concrete Co., Ltd.	27,600,000.00	-	27,600,000.00	27,600,000.00	92.00	92.00	-
Handan County BBMG Concrete Co., Ltd.	27,600,000.00	-	27,600,000.00	27,600,000.00	92.00	92.00	-
Weixian BBMG Concrete Co., Ltd.	9,200,000.00	-	9,200,000.00	9,200,000.00	92.00	92.00	-
Beijing Aerated Concrete Co., Ltd.	110,107,838.28	-	110,107,838.28	110,107,838.28	100.00	100.00	-
Total under cost method	18,511,303,212.62	16,646,451,560.35	921,589,388.27	17,568,040,948.62			-
Equity method:							
<b>Joint ventures</b>							
STAR-USG Building Materials Co., Ltd.	184,628,800.88	94,745,132.09	(14,344,132.86)	80,400,999.23	50.00	50.00	-
<b>Associates</b>							
Krono (Beijing) Flooring Co., Ltd.	36,736,395.34	-	-	-	30.00	30.00	-
Krono (Beijing) Woods Co., Ltd.	152,304,154.86	110,194,337.47	(5,582,370.07)	104,611,967.40	30.00	30.00	-
Zehnder (China) Indoor Climate Co., Ltd.	78,150,006.67	93,190,431.09	(5,115,812.90)	88,074,618.19	26.70	26.70	-
Beijing Dynea Chemical Industry Co., Ltd.	9,921,366.40	11,748,696.65	(99,534.01)	11,649,162.64	45.00	45.00	-
OCV Reinforcements (Beijing) Co., Ltd.	27,557,054.00	52,332,845.11	380,511.44	52,713,356.55	20.00	20.00	-
Beijing Gaoqiang Concrete Co., Ltd.	15,723,518.14	24,657,633.65	304,275.80	24,961,909.45	25.00	25.00	-
Total of associates	320,392,495.41	292,123,943.97	(10,112,929.74)	282,011,014.23			-
Total under equity method	505,021,296.29	386,869,076.06	(24,457,062.60)	362,412,013.46			-
	19,016,324,508.91	17,033,320,636.41	897,132,325.67	17,930,452,962.08			-

As at 30 June 2013, there was no listed investment in long-term equity investment.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

(continued)

#### 3. Operating revenue and cost

Operating revenue is as follows:

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Revenue from principal operations	<b>295,107,723.74</b>	227,104,572.67
Revenue from other operations	<b>22,527,437.59</b>	21,126,823.39
	<b>317,635,161.33</b>	248,231,396.06

Operating cost is as follows:

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Cost of principal operations	<b>49,733,966.20</b>	49,900,434.52
Cost of other operations	-	1,063,416.38
	<b>49,733,966.20</b>	50,963,850.90

Information by products is as follows:

	For the six months ended 30 June 2013		For the six months ended 30 June 2012	
	Revenue	Cost	Revenue	Cost
Rental income	295,107,723.74	49,733,966.20	229,354,078.17	50,963,850.90
Others	22,527,437.59	-	18,877,317.89	-
	<b>317,635,161.33</b>	<b>49,733,966.20</b>	248,231,396.06	50,963,850.90

All operating incomes are from North China Region.

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 2013 is as follows:

	Amount	Percentage of revenue (%)
Customer 1	11,535,373.50	3.63
Customer 2	6,299,701.70	1.98
Customer 3	6,164,485.26	1.94
Customer 4	6,056,071.08	1.91
Customer 5	5,465,614.08	1.72
	<u>35,521,245.62</u>	<u>11.18</u>

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

	Amount	Percentage 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>

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

(continued)

#### 4. Investment income/(loss)

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Income from long-term equity investments under cost method	<b>33,484,500.90</b>	43,309,676.52
Income from long-term equity investments under equity method	<b>(24,457,062.60)</b>	(37,781,216.00)
Including: Income from investments in jointly-controlled entities	<b>(10,112,929.75)</b>	(17,048,146.29)
Income from investments in associates	<b>(14,344,132.85)</b>	(20,733,069.71)
Investment income from disposal of subsidiaries	<b>1,247,700.00</b>	(8,689,179.33)
	<b>10,275,138.30</b>	(3,160,718.81)

The investee with long-term equity investment income under cost method accounting for more than 5% of total profits:

Name of Investee	For the six months ended 30 June 2013	For the six months ended 30 June 2012	Reason for the change
Tianjin BBMG Concrete Co., Ltd.	<b>15,303,583.53</b>	–	Fluctuation of results
Taihang Qianjing Cement Co., Ltd.	<b>13,400,000.00</b>	33,500,000.00	Fluctuation of results
Beijing Chinefarge Cement Co., Ltd.	<b>4,491,501.39</b>	9,809,676.52	Fluctuation of results
BBMG Mortar Co., Ltd.	<b>289,415.98</b>	–	Fluctuation of results
	<b>33,484,500.90</b>	43,309,676.52	

Long-term equity investment income under equity method:

Name of Investee	For the six months ended 30 June 2013	For the six months ended 30 June 2012	Reason for the change
Beijing Gaoqiang Concrete Co., Ltd.	<b>304,275.80</b>	1,019,442.76	Fluctuation of results
Beijing Dynea Chemical Industry Co., Ltd.	<b>(99,534.01)</b>	75,890.29	Fluctuation of results
Krono (Beijing) Woods Co., Ltd.	<b>(5,582,370.07)</b>	(19,265,062.49)	Fluctuation of results
OCV Reinforcements (Beijing) Co., Ltd.	<b>380,511.44</b>	(1,305,879.00)	Fluctuation of results
Zehnder (China) Indoor Climate Co., Ltd.	<b>(5,115,812.90)</b>	(1,257,461.27)	Fluctuation of results
STAR-USG Building Materials Co., Ltd.	<b>(14,344,132.86)</b>	(17,048,146.29)	Fluctuation of results
	<b>(24,457,062.60)</b>	(37,781,216.00)	



## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

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

(continued)

#### 5. Notes to items of statement of cash flows

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Cash received relating to other operating activities		
Cash received from subordinate units	<b>22,589,867,664.31</b>	18,336,970,213.99
Cash received from repayment of internal borrowings and interests among subsidiaries	<b>115,000,000.00</b>	750,615,228.30
Interests income	<b>27,076,889.53</b>	25,088,338.47
Current accounts	<b>111,141,027.10</b>	401,594,568.31
Others	<b>53,181,139.57</b>	73,613,027.87
	<b><u>22,896,266,720.51</u></b>	<u>19,587,881,376.94</u>
Cash paid relating to other operating activities		
Cash expensed for subsidiaries	<b>3,037,389,310.95</b>	2,150,861,642.12
Cash paid to subordinate units	<b>19,555,016,059.79</b>	17,405,676,145.42
Inter-group current accounts	<b>505,890,507.78</b>	93,013,952.11
Expenses and costs of the headquarters	<b>74,261,569.66</b>	59,192,816.06
	<b><u>23,172,557,448.18</u></b>	<u>19,708,744,555.71</u>
Cash received relating to other financing activities		
Cash received from issuance of bonds	<b><u>2,000,000,000.00</u></b>	—

## Notes to Unaudited Interim Financial Statements

As at 30 June 2013

### 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 flows from operating activities:

	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Net profit	229,982,390.50	5,224,682.45
Add: Provisions for assets impairment	–	(32,355,755.71)
Depreciation of fixed assets	30,462,516.52	29,157,433.45
Amortisation of intangible assets	7,459,866.05	7,553,147.43
Loss/(gain) from disposal of fixed assets, intangible assets and other long-term assets	(64,017,992.86)	46,962.75
Gain from fair value change	(229,234,912.63)	(204,482,857.36)
Finance costs	411,745,103.91	679,683,726.30
Investment income/(loss)	(10,275,138.30)	3,160,718.81
Increase in deferred income tax liabilities	190,843,966.01	64,222,510.26
Increase in operating receivables	(617,529,707.58)	(1,686,292,591.43)
Increase/(decrease) in operating payables	(86,816,463.05)	1,153,144,351.69
Net cash flow generated from operating activities	<b>(137,380,371.43)</b>	<b>19,062,328.64</b>

##### (2) Cash and cash equivalents

	30 June 2013	31 December 2012
Cash	1,885,064,787.87	998,549,054.78
Including: Cash on hand	690.59	1,014.54
Bank deposits on demand	1,885,064,097.28	998,548,040.24
Balance of cash and cash equivalents at end of the period/year	<b>1,885,064,787.87</b>	<b>998,549,054.78</b>

## Supplementary Information to Unaudited Interim Financial Statements

### I. NON-RECURRING PROFIT AND LOSS ITEMS

#### 1. Summary of non-recurring profit and loss items

	For the six months ended 30 June 2013
Profit and loss from disposal of non-current assets	56,551,318.06
Government grants recognised through profit and loss for the period (excluding those closely related to the Company's normal business operations, in line with national policies and entitled continuously based on a fixed amount or quantity)	41,899,120.91
Capital occupancy fee from non-financial enterprises recognised through profit or loss for the period (Note V.47, Note 1)	2,461,550.04
Profit and loss from debt restructuring	175,868.78
Profit and loss from fair value change of investment properties measured subsequently at fair value	320,192,740.78
Other non-operating income and expenses other than the above items	<u>4,914,815.21</u>
Total non-recurring profit and loss	426,195,413.78
Impact on income tax	106,548,853.45
Impact on non-controlling interests	<u>4,153,340.13</u>
	<u><u>315,493,220.20</u></u>

The Group recognised non-recurring profit and loss items in accordance with the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit and Loss (CSRC Announcement [2008] No. 43).

## Supplementary Information to Unaudited Interim Financial Statements (Continued)

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

#### 2. Supplemental information to non-recurring profit and loss

	For the six months ended 30 June 2013
<hr/>	
Non-recurring profit and loss in non-operating income:	
Gains from disposal of fixed assets	61,339,813.20
Gains from debt restructuring	337,916.44
Government grants	41,899,120.91
Others	<u>13,955,979.14</u>
	<u>117,532,829.69</u>
Non-recurring profit and loss in non-operating expenses	
Losses from disposal of fixed assets	4,884,690.18
Losses from debt restructuring	162,047.66
External donations	484,823.30
Net losses arising from natural disasters	23,531.23
Expenses for compensation, penalties and fines	2,837,099.38
Others	<u>5,695,710.02</u>
	<u>14,087,901.77</u>

## Supplementary Information to Unaudited Interim Financial Statements (Continued)

### II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

For the six months ended 30 June 2013

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	5.53	0.30	0.30
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	4.19	0.23	0.23

For the six months ended 30 June 2012

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

The Company did not have potentially dilutive ordinary shares.



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